

1939

Certified public Accountant, 1939

American Institute of Accountants

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American Institute of Accountants, "Certified public Accountant, 1939" (1939). *Newsletters*. 73.
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THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of the American Institute of Accountants

JANUARY 1939

VOL. 19 • No. 1

1939 Annual Meeting

S.E.C. Hearings

Statement by Executive Committee

Statement before New York Attorney General

Accountants Honor Banker

Election of Members

Examination Results

15¢ a Copy

Published Monthly

\$1 a Year



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VOL. 19

••••• 1939 •••••

NO. 1

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Officers 1938-1939

AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

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<i>Vice-presidents</i>	LEWIS ASHMAN, JOHN K. MATHIESON
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THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of the American Institute of Accountants

1939 Annual Meeting

CALIFORNIA will be host to the American Institute of Accountants at the 1939 annual meeting. The dates have been set for September 18 to 21, 1939. The Fairmont Hotel has been selected as headquarters. One of the largest hotels in San Francisco, it is situated atop Nob Hill, commanding a view of San Francisco Bay and Treasure Island, where the San Francisco Exposition will be in progress at the time of the meeting. Subcommittees on arrangements have already been appointed by the president of the California State Society to coöperate with the Institute's committee on meetings, and a general plan of program has already been adopted. It is not too early to assure members of the Institute that the technical program will be up to the standard of recent years. Round-table sessions, as usual, will be an important feature of the proceedings. Californians are known both for originality and hospitality, and San Francisco will afford opportunities for unusual types of entertainment. It is understood that the San Francisco Exposition will devote a day to the American Institute of Accountants, and the subcommittee on entertainment has other novel and attractive plans. The enthusiasm for the meeting among all the western states promises an attendance at least as large as that which has come to be considered customary. There is in the west, however, an earnest hope that many easterners will find it possible to make the trip, which can be combined with a delightful vacation. The 1939 meeting will offer a splendid opportunity for pleasure and profit. The accountancy profession will be on parade, and all those in charge of arrangements sincerely hope that the ranks will be full.

American Institute of Accountants

Statement by Executive Committee

The executive committee of the American Institute of Accountants held a special meeting on December 28, 1938, at headquarters of the Institute at 13 East Forty-first Street, at the close of which the secretary of the Institute issued the following statement:

At a special meeting held today, the executive committee of the American Institute of Accountants decided that, in the interest of the public and the accounting profession, it would carefully review customary auditing procedure in the light of the McKesson & Robbins case.

Testimony already given at public hearings indicates that there was in this case collusive action of the president and others, who among them created an elaborate and skillfully forged set of documents and records, such as those on which an auditor is entitled to rely.

Customary accounting procedure is reflected in the bulletin *Examination of Financial Statements by Independent Public Accountants* published by the American Institute of Accountants in January, 1936. This bulletin of forty-one pages is a revision of the bulletin prepared by the American Institute of Accountants in 1929 and published by the Federal Reserve Board under the title *Verification of Financial Statements*. Some fifty thousand copies have been distributed to bankers, stock exchanges, government officials and others.

Auditing procedure has evolved over the years, and it naturally remains in the process of evolution. It will be the effort of the American Institute of Accountants to determine what, if any, changes in procedure should be adopted by the profession in the light of the revelations in the McKesson & Robbins case.

However, it seems clear from the testimony that this is a most unusual case of collusive fraud and that it should not be emphasized unduly in consideration of proper procedure in the majority of cases.

The auditor's problem always is to find means of affording adequate protection at a cost which will not constitute an undue burden on the great majority of corporations which are honestly administered. Out of the present discussion may evolve plans for closer coöperation between accountants and directors.

This statement was widely quoted in the press. Following are excerpts from published comment:

The Associated Press

The McKesson & Robbins scandal has led the American Institute of Accountants to undertake a review of auditing procedure to determine "what, if any, changes should be adopted by the profession."

F. Donald Coster-Musica, despite regular auditing of the corporation's records, managed for years to hide the irregularities.

Announcing the plan to study procedural changes, John L. Carey, secretary of the institute, said:

"The auditor's problem always is to find means of affording adequate protection at a cost which will not constitute an undue burden on the great majority of corporations which are honestly administered.

"Out of the present discussion may evolve plans for closer coöperation between accountants and directors."

Business Week

Now the Coster affair supplies the necessary spark. It is to general business and accounting what the Richard Whitney affair was to the New York Stock Exchange—the touch-off to reform. Thus, the Securities and Exchange Commission this week started an intensive investigation of Price, Waterhouse & Co.'s procedure in auditing the McKesson books in order to determine (1) whether present-day accounting is adequate to safeguard investors and (2) whether a more detailed examination of books and physical assets is necessary.

The S.E.C. was not alone. The American Institute of Accountants, which has made periodic studies of accounting methods and issued many reports on proper practice, instituted an investigation for the profession to "determine what, if any, changes in procedure should be adopted by the profession in the light of the revelations in the McKesson & Robbins case."

Out of the S.E.C. and A.I.A. investigations will emerge two types of recommendations for: (1) more detailed audits, which will have the collateral effect of adding to the expense of corporation audits; (2) divorcement of the employer-employee relationship that now exists between corporation management and independent auditors.

The Evening Union (Springfield, Mass.)

Public hearings called by the Securities and Exchange Commission and a study by the American Institute

of Accountants, both for the purpose of improving the prevailing standards of auditing procedure affecting business establishments, in the light of the McKesson & Robbins frauds, should result in salutary reforms for the protection of banks and innocent stockholders involved. Failure to develop such a reaction from the disclosures in this bizarre case would be incomprehensible.

The Hartford Times

A closer relationship between independent accountants and boards of directors, it would seem, might be a proper result of the McKesson & Robbins scandal, calculated to eliminate at least the particular methods of fraud therein employed.

There is, readily enough, a loophole for dishonesty in the practice whereby management orders and defines the scope of the work to be performed by outside auditors, which could be closed if directors, as those directly responsible to the stockholders, took over the function.

The present system, of course, has arisen from the fact that directors would not be on a board if they had not implicit confidence in the executives serving under them. This, in turn, is soundly based on the really quite remarkable record for personal integrity which corporate management generally has established in this country.

However, in view of present public cynicism more largely arising from political demagoguery than any reality, the American Institute of Accountants is doubtless moving in the right direction in deciding upon a "careful review of customary auditing procedure in the light of the McKesson & Robbins case."

Ralph Hendershot, in *The World Telegram* (New York)

For the first time since the McKesson & Robbins scandal broke the American Institute of Accountants took the trou-

ble yesterday to explain some of the questions currently being asked by the general public about the apparently lax job of accounting done by Price, Waterhouse & Co. in connection with that corporation's books and records.

And the explanation, even at this late date, is hardly satisfactory if the certified public accountants are to receive the full support and confidence of the general public. John L. Carey, secretary, spoke for the institute, and about all he offered was a pamphlet published early in 1936 entitled *Examination of Financial Statements by Independent Public Accountants*.

On the basis of that bulletin it would seem that Price, Waterhouse & Co. have some explanations to make. A passage relating to accounts receivable says:

"The best verification of accounts receivable is to communicate directly with the debtor regarding the existence of the debt, and this course may be taken after arrangement with the client. While such confirmation is frequently considered unnecessary in the case of companies having an adequate system of internal check, it is one of the most effective means of disclosing irregularities."

Regarding inventories the bulletin says in part:

"The duties and responsibilities of the accountant in the case of quantities, quality and condition of stock vary with the circumstances, but he must rely principally for information as to quantities, quality and condition upon the responsible officers and employees of the company. . . .

"Make reasonable inquiries and tests to ascertain that quantities have been carefully determined and that quantity and condition have received due consideration. . . .

"Make a test comparison of the inventories with the stock records, if these are maintained, in support of quantities, prices and values. Any

material discrepancy should be satisfactorily explained."

Mr. Carey explained that auditing procedure has evolved over the years and remains in the process of evolution. The same is true of every profession, yet most professions have at least some effective control over its members. And few professions have been "sold" to the public more thoroughly than have accountants.

The only encouraging note Mr. Carey had to offer in connection with detection in the future of corporate irregularities of the McKesson & Robbins type was that "out of the present discussion may evolve plans for closer cooperation between accountants and directors."

The Herald Tribune (New York)

Questions of auditing procedure arising from the McKesson & Robbins investigation were discussed yesterday at a meeting of the executive committee of the American Institute of Accountants, 13 East Forty-first Street. In a statement issued following the meeting, the committee expressed the view, based on testimony given at public hearings, that "there was in this case collusive action of the president (F. Donald Coster) and others, who among them created an elaborate and skilfully forged set of documents and records, such as those on which an auditor is entitled to rely."

The committee suggested that this "most unusual case of collusive fraud" should not be emphasized unduly in consideration of proper auditing procedure, and drew attention to a forty-one-page bulletin issued in January, 1936, in which standard practice is detailed.

"Auditing procedure has evolved over the years," the statement said, "and it naturally remains in the process of evolution. It will be the effort of the American Institute of Accountants to determine what, if any, changes in procedure should be adopted by the pro-

fession in the light of the revelations in the McKesson & Robbins case."

The New York Times

The American Institute of Accountants, 13 East Forty-first Street, issued a statement through its secretary, John L. Carey, following a meeting of its executive committee yesterday afternoon announcing that the Institute would review auditing procedure "to determine what, if any, changes in procedure should be adopted by the profession in the light of the revelations in the McKesson & Robbins case."

The statement explained:

"The auditor's problem always is to find means of affording adequate protection at a cost which will not constitute an undue burden on the great majority of corporations which are honestly administered. Out of the present discussion may evolve plans for closer coöperation between accountants and directors."

The Wall Street Journal (New York)

The executive committee of the American Institute of Accountants announced yesterday it had decided that "in the interest of the public and the accounting profession, it will carefully review customary auditing procedure in the light of the McKesson & Robbins case."

"It seems clear from the testimony that this is a most unusual case of collusive fraud and that it should not be emphasized unduly in consideration of proper procedure in the majority of cases," the Institute said.

"The auditor's problem always is to find means of affording adequate protection at a cost which will not constitute an undue burden on the great majority of corporations which are honestly administered. Out of the present discussion may evolve plans for closer coöperation between accountants and directors."

The Journal of Commerce (New York)

The American Institute of Accountants will review customary auditing procedures in the light of the McKesson & Robbins case to determine whether changes in practice are desirable. This was announced yesterday following a special meeting of the executive committee. It was stated that the study might lead to "plans for closer coöperation between accountants and directors."

The announcement stressed that the situation involved the forging of documents and records, "such as those on which an auditor is entitled to rely." It was also noted that the auditor must find means of affording adequate protection at a cost which will not prove too burdensome.

The decision by the Institute of Accountants followed reported consideration by the Securities and Exchange Commission to make a general study of the adequacy of present accounting methods. In general, present practice is to place considerable reliance upon records supplied by executive officers, checking the documents for consistency with each other. Accountants readily agree that this fails to disclose frauds skilfully planned by top executives.

The bulletin by the Institute, on *Examination of Financial Statements*, published in January, 1936, divides the calculation of inventory into three heads: (a) Accuracy of computations, footings and recapitulation; (b) basis of pricing, and (c) quantities, quality, and condition.

With respect to the third division, which would cover actual physical existence, the bulletin says:

"The duties and responsibilities of the accountant in the case of quantities, quality and condition of stock vary with the circumstances; but he must rely principally for information as to quantities, quality and condition upon the responsible officers and employees of the company"

S.E.C. Hearings

The Securities and Exchange Commission on January 5th at New York began public hearings to determine:

1. The character, detail, and scope of the audit procedure followed in the preparation of the financial statements included in the registration statement and reports of McKesson & Robins, Inc.
2. The extent to which prevailing and generally accepted standards and requirements of audit procedure were adhered to and applied in the preparation of the said financial statements; and
3. The adequacy of the safeguards inhering in generally accepted practices and principles of audit procedure to assure reliability and accuracy of financial statements.

Statement before New York Attorney General

The American Institute of Accountants on December 23rd was invited by John J. Bennett, Jr., Attorney General of the State of New York, to have representatives attend a meeting to discuss questions related to the preparation of financial statements of large corporations. Following is the text of Mr. Bennett's letter:

DEAR SIRs:

Recent investigations conducted by my office into such matters as the Whitney case, the Interstate Hosiery Co., McCaffrey & Company, and the Coster-Musica case, have revealed certain fundamental weaknesses in the preparation of financial statements of large corporations. With the idea of correcting these weaknesses in the future, I have decided to call a meeting of persons qualified to discuss the subject.

My purpose in writing you is to ask your coöperation. I, therefore, invite you to attend this meeting which will be held in the State Building, 80 Centre Street, New York City, on January 6, 1939, at 10:00 A.M. I would appreciate it if you would indicate to me your acceptance of this invitation. I would also welcome any suggestions you might make in connection with this contemplated conference.

Please furnish me with the names of any representatives of your organization who will attend and also others whose attendance you might think helpful.

Very truly yours,
JOHN J. BENNETT, Jr.,
Attorney General.

On December 27th the secretary of the Institute replied as follows:

DEAR MR. BENNETT:

Your letter of December 23rd was on my desk upon my return to the office after the holiday weekend.

The American Institute of Accountants will gladly arrange to have representatives meet with you as you suggest at the State Building, 80 Centre Street, New York, at 10:00 A.M., on January 6th.

You may be interested to know that we had already called a special meeting of the executive committee of the Institute, which will be held tomorrow, December 28th, to discuss the question of reviewing presently accepted auditing procedure in order to determine whether any fundamental weaknesses have appeared in the light of recent revelations, which the profession of accountancy should take steps to correct.

The Institute will be represented at the conference on January 6th by Frederick H. Hurdman, New York, chairman of the executive committee; Samuel J. Broad, New York, member of the committee on accounting procedure (who also served as chairman of

the committee which drafted the bulletin *Examination of Financial Statements by Independent Public Accountants*, which reflects presently accepted auditing procedure, and of which a copy is enclosed for your information), and myself. The president of the Institute, Clem W. Collins, resides in Denver and regrets that it will be impossible for him to come to New York on January 6th, much as he would like to participate in the discussion.

The newspapers indicate that you have invited to the conference, in addition to our own representatives, the New York State Society of Certified Public Accountants; Mr. A. S. Fedde, chairman of the grievance committee of the State Board of Certified Public Accountant Examiners; and Robert H. Montgomery, president of the Council on Accountancy. In our opinion these are precisely the bodies which should be represented at such a conference, and we feel that it is not necessary to ask any others to participate.

With thanks for your consideration, I am

Yours sincerely,

JOHN L. CAREY,
Secretary.

The meeting was held at New York on January 6th. The American Institute of Accountants was represented at the meeting by Mr. Hurdman, Mr. Broad, and Mr. Carey, acting as a special committee. The New York State Society of Certified Public Accountants was represented by Victor H. Stempf, acting president, George Cochrane, director, and Henry A. Horne, director.

Members of the two committees joined in preparation of the following statement which was presented to Ambrose V. McCall, assistant attorney general, who presided in the absence of the attorney general due to illness:

Under date of December 23, 1938, the American Institute of Accountants

and the New York State Society of Certified Public Accountants received from the Honorable John J. Bennett, Jr., Attorney General of the State of New York, letters inviting representatives of the organizations named to attend a meeting at the State Office Building, 80 Centre Street, New York, on January 6, 1939. The purpose of the meeting was described in the letter of invitation as follows:

"Recent investigations conducted by my office into such matters as the Whitney case, the Interstate Hosiery Company, McCaffrey and Company and the Coster-Musica case have revealed certain fundamental weaknesses in the preparation of financial statements of large corporations. With the idea of correcting these weaknesses in the future, I have decided to call a meeting of persons qualified to discuss the subject.

"My purpose in writing you is to ask your coöperation. I, therefore, invite you to attend this meeting which will be held in the State Building, 80 Centre Street, New York City, on January 6th, 1939, at 10 A.M. I would appreciate it if you would indicate to me your acceptance of this invitation. I would also welcome any suggestions you might make in connection with this contemplated conference.

"Please furnish me with the names of any representatives of your organization who will attend and also others whose attendance you think might be helpful."

Newspaper announcements indicate that invitations to attend the meeting were also sent to the chairman of the grievance committee and to the president of the Council on Accountancy, both appointed by the Regents of the University of the State of New York, to advise with the Department of Education and other public officers on questions related to the certified public accountant law of the state (article 57, Education Law).

The Attorney General's office has suggested that the representatives of the American Institute of Accountants and of the New York State Society of Certified Public Accountants prepare a written statement for presentation at the meeting. Committees appointed to represent these organizations at the meeting have conferred, and in order to avoid repetition and duplication in their prepared statements, have decided to submit this joint statement of the views of both committees.

Nature of Organizations

Following is a brief description of the nature of these two organizations and their position in the accounting profession: The American Institute of Accountants, incorporated under the laws of the District of Columbia, is the recognized national professional organization of certified public accountants. Its membership is about 5,100, including certified public accountants in every state and territory of the United States. Its headquarters are at 13 East Forty-first Street, New York. It was organized in its present form in 1916 as a direct successor of the American Association of Public Accountants, founded in 1887. Its requirements for admission are:

1. Possession of a certified public accountant certificate,
2. A high-school education or its equivalent,
3. A prescribed amount of public accounting experience,
4. Passage of a technical examination satisfactory to its board of examiners,

as well, of course, as satisfactory references, including at least two members of the Institute, evidencing the good moral character and professional standing of the applicant.

The activities of the Institute are generally similar to those of other professional societies. It maintains about forty committees dealing with tech-

nical, professional, and administrative subjects. It owns the largest accounting library in this country, including some 15,000 items, which indicates the extent of the existing literature on accounting and auditing, built up chiefly in the past 30 years. The Institute publishes two monthly magazines, *The Journal of Accountancy* and *THE CERTIFIED PUBLIC ACCOUNTANT*. The nature of its work is fairly well reflected in a pamphlet entitled *The Year's Work*, which is attached to this memorandum. Also attached to the memorandum is a copy of the by-laws and rules of professional conduct of the Institute.

The New York State Society of Certified Public Accountants was founded in 1897. It is incorporated under the laws of the State of New York. Its membership is about 3,100. Requirements for admission are: possession of a certified public accountant certificate of the State of New York and submission of satisfactory references, evidencing good moral character and professional standing of the applicant. Its headquarters are at 30 Broad Street, New York. The society maintains sixty committees, forty of which are so-called technical committees, each devoting itself to a special phase of accounting. It publishes a monthly magazine, *The New York Certified Public Accountant*.

The general nature of the society's work is indicated by a pamphlet about to be published entitled *Service to the Profession of Accountancy*, page proofs of which are attached to this memorandum. The by-laws and rules of professional conduct of the New York State Society are also attached hereto.

About 1,250 individuals are members of both the American Institute of Accountants and the New York State Society of Certified Public Accountants. Both organizations have adopted rules of professional conduct and their by-laws contain provisions whereby members may be reprimanded, suspended, or expelled, after hearing, for

conduct discreditable to the profession of accountancy or for violations of the specific rules of conduct.

The certified-public-accountant certificate, which is a requirement for admission to both bodies, is not a degree issued by them but is granted under authority of the laws of the several states. Applicants for the certified public-accountant certificate are required to submit evidence of preliminary education and accounting experience required by law, and must pass written examinations set by the state authorities. On the assumption that other persons present at this meeting may describe the provisions under which the certificate may be issued and may be suspended or revoked in the state of New York, we shall not attempt to describe these provisions in this memorandum.

With this general description of the nature, purposes, and powers of the American Institute of Accountants and the New York State Society of Certified Public Accountants we may address ourselves to the question raised by the Attorney General.

The Present Inquiry

The Attorney General has called this meeting to discuss certain points related to financial statements of large corporations.

The American Institute of Accountants has already announced publicly that it intends to review carefully customary auditing procedure in the light of recent revelations to determine what, if any, changes in procedure should be adopted by the accountancy profession. The Securities and Exchange Commission, which from the inception of its work has shown a keen interest in accounting procedure, commenced public hearings on January 5th with the announced intention of determining:

1. The character, detail, and scope of the audit procedure followed in the

preparation of the financial statements of McKesson & Robbins, Inc.

2. The extent to which prevailing and generally accepted standards and requirements of audit procedure were adhered to and applied in the preparation of those financial statements.
3. The adequacy of the safeguards inhering in said generally accepted practices and principles of audit procedure to assure reliability and accuracy of financial statements.

Prior to the announcement that the Securities and Exchange Commission would conduct such hearings, representatives of the American Institute of Accountants and of the New York State Society of Certified Public Accountants had arranged an informal conference with representatives of the S.E.C. to discuss in a general way the character and scope of generally accepted audit procedure and the possibility of improvements therein. This conference was held at Washington on January 4th, and the representatives of the accountancy organizations offered full coöperation to the Commission in its study of this problem. The hearings which the S.E.C. has commenced doubtless will develop information which will be helpful in consideration of the general problem.

The attitude of the professional accountancy bodies is quite clear. They invite and welcome, as they have always done, suggestions from any and all sources looking to improvement of auditing and accounting procedure. They have endeavored for many years, as will be shown, to improve and refine the technique of auditing and to formulate sound rules of accounting as a basis for the presentation of financial statements.

Present Standards of Auditing and Accounting

Auditing and accounting procedure has evolved over the years and it natu-

rally will continue in the process of evolution. For more than twenty years there has existed in this country a written outline of audit procedure which has been generally accepted by the profession as standard practice. In 1917 the Federal Trade Commission requested the American Institute of Accountants to prepare a memorandum on audit procedure which upon completion was published by the Federal Reserve Board under the title *Approved Methods for the Preparation of Balance-sheet Statements*. The Federal Reserve Board recommended to all banking concerns throughout the country observance of the procedure in this memorandum, and thousands of copies were circulated, running through a number of reprintings.

Somewhat more than ten years later at the suggestion of the Institute it was decided that a revision of this pamphlet should be undertaken. A committee of the American Institute of Accountants was appointed for the purpose, and after many months of diligent effort submitted a revised pamphlet which was published by the Federal Reserve Board under the title *Verification of Financial Statements*.

The latest revision was undertaken by the Institute in 1935, was published in January, 1936, under the title *Examination of Financial Statements by Independent Public Accountants*, and was recognized by the Federal Reserve Board as a successor to the preceding edition. The latest bulletin contains forty-one pages. At the time of its publication it was distributed widely to newspapers and financial publications. More than 50,000 copies have been distributed among accountants, bankers, stock exchanges, government officials, and others. Every effort has been made by the Institute to bring to the attention of the financial public the fact that this bulletin represents customary and generally accepted auditing procedure. A copy is attached to this memorandum.

In 1931 a committee of the American Institute of Accountants was appointed to cooperate with stock exchanges in an endeavor to inform the public of the significance of financial statements, their value and their unavoidable limitations, and to make the accounts published by corporations more informative and authoritative. Correspondence between the Institute's committee and representatives of the New York Stock Exchange resulted in agreement between the cooperating parties on certain basic accounting rules or principles. Also a suggested standard form of auditors' report (commonly termed "the certificate"), was agreed upon by the Institute committee and the Stock Exchange as a satisfactory form of report if based on an examination of a character described in the bulletin outlining audit procedure to which reference is made above.

The recommended form of auditors' report or certificate is reproduced on page forty-one of the current issue of the pamphlet on auditing procedure entitled *Examination of Financial Statements by Independent Public Accountants*, a copy of which is attached hereto.

After passage of the securities act of 1933 and the securities-exchange act of 1934 committees of the American Institute of Accountants and of the New York State Society of Certified Public Accountants were appointed to cooperate in consideration of accounting problems under these acts, first with the Federal Trade Commission and then with the Securities and Exchange Commission. This cooperation has been very close, and representatives of the S.E.C. have on occasion publicly acknowledged the assistance which the accounting societies have rendered them. Drafts of so-called accounting releases indicating decisions of the chief accountant of the S.E.C. on questions which have come before him have been regularly reviewed by and discussed with a committee of the Institute before publication. Frequent conferences be-

tween the committees of the accounting organizations and representatives of the S.E.C. have occurred in the past five years.

Meanwhile, other committees of the Institute and the New York State Society have been studying various technical problems and publishing reports thereon.

In 1938 the American Institute of Accountants published a bulletin entitled *A Statement of Accounting Principles*, prepared by Thomas H. Sanders, of the Harvard Graduate School of Business Administration, Henry Rand Hatfield, of the University of California, and Underhill Moore, of the Yale University School of Law, under the auspices of the Haskins & Sells Foundation. This bulletin of 138 pages was described by the executive committee of the American Institute as a highly valuable contribution to the discussion of accounting principles, with full realization that subsequent revisions would doubtless occur. It was widely distributed among newspapers and financial publications, and some 20,000 copies have been distributed to accountants and others.

The New York State Society of Certified Public Accountants has given particular attention to the subject of inventories, and in 1932 adopted a resolution describing at some length the extent of the auditor's responsibility for the item of inventories in financial statements examined by him. This resolution was entirely consistent with the sections dealing with inventories in the current edition of the bulletin describing auditing procedure which has been mentioned above, but it elaborated thereon. The resolution was reaffirmed in 1934 with slight changes in phraseology, and was again reaffirmed as recently as November, 1938. The resolution is as follows:

WHEREAS, It is desirable that the profession of accountancy in New York State should make clear the

nature and extent of the responsibility assumed by the certified public accountant in respect to merchandise inventories; and

"WHEREAS, It is self-evident that the training and experience of a certified public accountant qualify him to investigate into the affairs of his clients to the extent that such affairs and the transactions in connection therewith are evidenced or indicated by books of account and other documents relating thereto but do not qualify him as a general appraiser or valuer or as fitted to assume in any and all cases full responsibility for the physical quantities, description, quality, condition, marketability and valuation of merchandise inventories; therefore, be it

"RESOLVED: That it is the sense of The New York State Society of Certified Public Accountants that, if a certified public accountant reports on a balance-sheet of a concern over his signature without qualification or special explanation as to the item of merchandise inventories contained therein, it shall imply that he has exercised care in his examination by making accounting tests and checks of the concern's books of account and other available records pertaining to merchandise inventories, that he has received all information and explanations he has required from the officers and employees responsible for the taking and valuation of the merchandise inventories, and so far as accounting methods permit, has satisfied himself as to their substantial correctness, but that, as regards the information and explanations he has required and as to ownership, physical quantities, description, quality, condition, marketability and valuation of the merchandise, he has relied upon the representations of the concern's management, subject to such checks as may have been obtainable from the records in respect thereto; and be it

"FURTHER RESOLVED: That it is the sense of this Society that, while the certified public accountant, through his experience in various lines of industry, may be of value in assisting and coöperating with the management of a concern in the supervision of a physical inventory taking, it should be clearly understood that in undertaking this work the certified public accountant does so only in his capacity as an accountant and does not assume responsibility as an appraiser or valuer for the physical quantities, description, quality, condition, marketability and valuation of the merchandise; and be it

"FURTHER RESOLVED: That the President of this Society is directed to send copies of the foregoing preamble and resolutions to those who in his opinion, would be interested in knowing the position on this subject taken by the accounting profession in this State."

This resolution was widely circulated among bankers, credit men, and others, and was made available to the press.

The New York State Society in January, 1933, also published a brief pamphlet entitled *Classification of Accounting Services*, which describes the nature of the various types of examinations which a public accountant may be called upon to perform, and his responsibilities with respect to each. This pamphlet was also made public. A copy is attached hereto.

We have recited these facts to demonstrate that the accountancy profession has constantly and earnestly reviewed its procedures and attempted to inform the public regarding them.

Responsibility of Auditors

Professional accountants, in sponsoring C.P.A. legislation, adopting codes of ethics, and establishing standards of procedure, have assumed heavy responsibilities, and by statute and court decision additional responsibilities have

been imposed upon them. All reputable accountants assume a responsibility to persons other than those who employ them. The greatest asset of a public accountant being his reputation for competence, care and integrity, it is essential that he guard that reputation with all diligence. The legal penalties imposed on accountants for fraud, deceit, or gross negligence are so severe that no practitioner would deliberately risk incurring them.

The profession has attempted to emphasize the unavoidable limitations under which a public accountant works. It should be stressed that the financial statements are primarily the representations of management. The auditor's function and definite responsibility is to undertake such work as will enable him to form and express a considered opinion as to the fairness and adequacy of the representations of management. The auditor is neither an insurer nor a detective. As the judge in a famous British case (Kingston Cotton Mills case) once said, the auditor "was a watch dog but not a blood hound and was justified in believing tried servants of the company in whom confidence was placed by the company." In the same case, which has sometimes been called the "auditor's charter," the court said it was the duty of the auditor to bring to bear on the work he had to perform that skill and caution which a reasonably competent, careful, and cautious auditor would use; that an auditor was not bound to be a detective or to approach his work with suspicion or with a foregone conclusion that there was something wrong. If there was anything calculated to excite suspicion, the court said, it would be his duty to probe it to the bottom, but in the absence of anything of that kind he was bound only to be reasonably cautious and careful.

In the publications referred to above an effort is made to explain that accounting is not a matter of mathematical accuracy, but largely of judgment

and opinion. The adequacy of provision for depreciation, various types of reserves, and many other matters are not susceptible to precise measurement. The independent auditor is one whose training and experience enable him to offer a competent opinion on the adequacy of the financial statements which he has examined and if his opinion is an honest one, based upon a reasonably careful and extensive examination, the courts have held he has performed his duty.

It is significant that in most, if not all, the cases cited by the Attorney General and in other cases which have been adjudicated in which questions of auditing have been involved, it has been human behavior which has failed rather than the procedures commonly followed by auditors. The breakdown of the human element has shown itself both in collusive fraud on the part of managers or employees of the client company and, as in one recent case, in an apparent aberration on the part of an employee of the accounting firm. On the other hand, in all but a few cases the auditing procedures prescribed in the bulletin, *Examination of Financial Statements by Independent Public Accountants*, have proved adequate for the purposes for which they were intended.

The undersigned committees believe that in the absence of collusive fraud such procedures will almost always disclose any important irregularities. Auditing procedures which could be presumed with any certainty to detect collusive fraud invariably would be much more extensive and much more costly. Burglaries are not uncommon. They could probably be minimized if a police officer were stationed in every residence and in every warehouse. But the cost would be out of proportion to the gain. Less expensive protection satisfies most of us. The situation is much the same in the audit of accounts. There the task is to choose what reasonable safeguards are within the

bounds of a prudent economy, even while recognizing that added protection could be afforded were cost not a factor to be considered.

This is by no means to intimate that there can be no improvement in present practices. We repeat that the development of auditing procedure has been evolutionary, and no one claims that it has yet reached a state of perfection.

Possible Improvements in Auditing

In discussing possible improvements in auditing, it must be borne in mind that no uniform audit procedure can be applied to all companies alike. While fundamental rules of auditing can be set out in considerable detail, there must remain a good deal of elasticity in application for the following reasons:

(a) In companies with inadequate internal accounting control a much more extensive examination by the independent auditor is necessary than in the case of large companies with highly effective systems of internal accounting control. In such cases, for example, the cashier will have no part in the entering of customers' accounts or the preparation of their statements, and neither he nor the ledger keeper will have authority to issue or approve credits to customers; the clerk recording the labor time and preparing the payroll will not be permitted to handle the funds; approval and entry of vouchers will be made by others than the disbursing officer; and stock records and inventory control will be kept independent of both the shipping and receiving departments. The extent to which these and other measures are practicable will naturally vary with the size of the organization and the personnel employed.

(b) The nature of operations of various types of business is so widely different that general rules of auditing procedure must be applied in varying degrees in each case. In a manufacturing or trading business, for instance, inventories are of relatively great im-

portance in both the balance-sheet and the statement of income; in an investment trust the confirmation of investment securities and the income therefrom are of prime importance; while in a public utility, questions involving the fixed assets, funded debt, plant additions, maintenance and fixed charges require particular attention.

It is therefore extremely doubtful whether any legislation or inflexible rules on the scope of audits would be practicable.

Inventories

There have been published recently in newspapers various suggestions regarding improvements in auditing procedure chiefly centering about inventories and accounts receivable. The accountant can do much through an examination of the accounting records and supporting documents to check the values and quantities of inventories. In fact, *Examination of Financial Statements by Independent Public Accountants* contains twenty-four paragraphs of suggested procedures in connection with inventories, approximately double the number relating to any other item on the balance-sheet. In some cases it is possible for the auditor to supervise the physical count and tabulation of inventories, but in other cases it would be positively misleading, in our opinion, for an accountant to assume full responsibility for identification of items with respect to quality, quantity and condition of inventories. No one not a specialist in the type of business concerned, for example, could vouch for an inventory of ores, textiles, or leaf tobacco. It has been suggested that auditors might employ experts in various fields to verify inventories for them, but such a procedure would mean merely acceptance by the auditor of another person's opinion. While no recommendations can be made with confidence at this time, the American Institute of Accountants and the New York State Society of Certified Public

Accountants will continue to give careful consideration to this inventory problem.

Accounts Receivable

It has also been suggested in the newspapers that compulsory confirmation of accounts receivable might be desirable. As stated in the bulletin, *Examination of Financial Statements by Independent Public Accountants*, confirmation of accounts receivable by direct communication with the debtor is one of the most effective means of disclosing irregularities. In cases in which there are many thousands of outstanding accounts, this procedure will be costly unless reliance is placed on a test check. If there is other credible evidence of the existence and collectibility of accounts receivable, and there is no suspicion of any irregularity, auditors do not always feel it necessary to insist that their clients incur the expense of direct confirmation by mail. Continued consideration will be given to this problem by the accounting organizations, in the hope that practicable recommendations will emerge.

Method of Appointment of Auditors

It has also been widely suggested that the auditor should be elected by stockholders rather than be appointed by the management. We think well of this suggestion, for which there is a precedent in some foreign countries, in the Pennsylvania corporation code, and in individual companies in this country.

Under the English companies act, the auditor is appointed by the shareholders at each annual meeting, and if any one proposes a change of auditor notice must be given the shareholder before the meeting. The auditor reports to the shareholders on the accounts which he examines, and has the statutory right of access to the books and accounts at all times. He may also require from directors and officers information and explanations he desires.

The auditor is permitted to attend any general meeting of the company where the accounts on which he has reported are required to be presented, and to make any statement or explanation he desires with respect to the accounts.

Some accountants would prefer the appointment of auditors directly by the board of directors. They argue that under present conditions the stockholders who elect the directors themselves would undoubtedly also elect an auditor of the directors' choice. While this is doubtless true, if the auditor were responsible solely to stockholders it might strengthen his position in that he could not be arbitrarily dismissed in the event of difference of opinion with the management or with the directors regarding either the scope of his examination or the accounting treatment of specific items. A change of this nature in the method of appointment of auditors might be accomplished by legislation or by voluntary amendment of corporation by-laws.

In any case it would be extremely desirable if the auditor were appointed at the beginning of the year for which he is to examine the accounts rather than, as is often the case at present, after the close of the year for which the accounts are to be reviewed. If the auditor were appointed early in the year he might do a good deal of his work during the course of the year, and with the right of access to the books and records at all times his work might be more effective. This does not necessarily mean that his work would be more extensive than otherwise.

It also appears desirable that closer relations be established between auditors and boards of directors. It would be a wholesome practice if auditors were more generally invited to attend meetings of the board of directors at which accounting matters are to be discussed. Directors should understand the scope of the auditor's examination,

and he should be in a position to explain to them the extent to which he can assume responsibility and to discuss with them any items which seem to require discussion. Auditors should be informed of any suspicion entertained by any director regarding activities of any officer or employee of the company.

Natural Business Year

Wider adoption of what has been called the natural business year might also increase the effectiveness of audits. The natural business year is that twelve-month period which most accurately reflects the natural cycle of operations of the company concerned. In other words, it is that period which ends when the greatest activity of the company has passed, when inventories and accounts receivable are at the lowest point and when the company as a whole is in its most liquid condition. At this time the mechanical difficulties of an audit are naturally less than at others because most of the year's transactions have been completed. The factor of estimate and opinion is required in less degree also because, for example, the adequacy of reserves for bad debts can be judged more successfully if the number of outstanding accounts is small.

It has been found that most business enterprises have a natural business year, though only a relatively few have adopted it as a fiscal year for accounting purposes. A great majority of corporations continue to close their accounts arbitrarily at December 31st, even if that date finds them in the midst of their busiest season. Officers of the S.E.C., the New York Stock Exchange, the National Association of Credit Men, the Robert Morris Associates, the National Association of Cost Accountants, and many other groups have endorsed the principle of the natural business year. Leaders in many trades and industries—such as the department stores, packing companies, and manufacturers of agricul-

tural implements—have adopted as their fiscal years natural business years ending at dates other than December 31st.

Internal Control

It should be reiterated that an important factor to be considered by an accountant in formulating his program is the nature and extent of the internal check and control in the organization under examination. The more effective a company's system of accounting and internal control the less extensive will be the detailed checking necessary.

The term "internal check and control" is used to describe those measures and methods adopted within the organization itself to safeguard the cash and other assets of the company as well as to check the clerical accuracy of the bookkeeping. The safeguards will cover such matters as the handling of incoming mail and remittances, the proceeds of cash sales, the preparation and payment of payrolls and the disbursement of funds generally, and the receipt and shipment of goods. These safeguards will frequently take the form of a definite segregation of duties or the utilization of mechanical devices. Their determination and utilization usually come under the supervision and direction of a controller or similar officer of the corporation, and the strengthening of his position would add to the effectiveness of the internal control. To function most effectively, it seems desirable that this officer should be independent of other officers of the organization by being made directly responsible to the board of directors.

Conclusion

As further facts are developed by inquiries at present under way the various matters relating to auditing procedures involved will continue to receive our active consideration with a view to recommending such steps as seem justified. In the meantime, we shall gladly endeavor to respond to

questions relating to current auditing and accounting practice, and will welcome suggestions from the Attorney General or from others as to ways in which these practices may be improved.

Respectfully submitted,
For the American Institute of Accountants:

FREDERICK H. HURDMAN, *Acting Chairman*, Executive Committee,
SAMUEL J. BROAD, *Member*, Committee on Accounting Procedure,
JOHN L. CAREY, *Secretary*.

For the New York State Society of Certified Public Accountants:

VICTOR H. STEMPEL, *Acting President*,
GEORGE COCHRANE, *Director*,
HENRY A. HORNE, *Director*.

Tax Return Extensions

Following correspondence with members and consultation with representatives of the Bureau of Internal Revenue at Washington, the letter quoted below was sent on January 11th by the secretary of the American Institute of Accountants to all the presidents of state societies of certified public accountants:

GENTLEMEN:

There is every indication that extensions of time for filing income-tax returns will be just as difficult to secure this year, if not more so, than in recent years. One collector of internal revenue has written to taxpayers that only illness or "justified absence" will be accepted as a basis for an extension. Inability to close books, or to obtain the services of an accountant, according to this collector, will not be accepted as a valid reason for an extension. Another collector has written, "Attorneys and accountants are finally advised it has become all too apparent that the reasons assigned by their clients for extensions are because the attorneys' and

accountants' volume of business precludes the filing of the clients' returns in time. When this is discovered extensions will not be granted."

Representatives of the Institute have discussed this problem recently with representatives of the Bureau of Internal Revenue, but apparently have not been successful in bringing about a change of policy.

The Institute's committee on federal taxation has recommended to the Treasury Department that the date for filing tax returns be changed to the fifteenth day of the fourth month following the close of the taxable year, but it may be some time before such a change can be brought about since there are a number of related problems involved in the suggestion.

It has been suggested that in the meantime state societies urge their members to write their local senators and congressmen, requesting that the Secretary of the Treasury be urged to issue an administrative order instructing collectors to use reasonable latitude in granting extensions. It is obvious that a correct income-tax return can not be filed until the taxpayer's books have been closed, and in many cases have been audited. The congestion of work in the first three months of the year sometimes makes it physically impossible for all necessary audits to be completed, and tax returns to be prepared before March 15th.

While no one can quarrel with the Bureau's intention to refuse unreasonable requests for extensions, collectors should be advised to cooperate with taxpayers within reasonable limits.

The Institute's committee on federal taxation believes that it might be helpful if your members were requested to write their congressmen as suggested.

Yours sincerely,

JOHN L. CAREY,
Secretary.

P.S. Please advise of any action taken by you or your members.

State Society Officers

Due to lack of space, publication of the revised compilation of state society and chapter officers, which customarily appears in this issue, has been deferred.

Social Security

As announced in the January issue of *The Journal of Accountancy*, members of the Institute receive with this issue reprints from the bulletin, *Social Security*, containing proposals of the American Association for Social Security for amendment of the social-security act. The Institute's special committee on social-security act, without endorsing these proposals, commends them to the members for consideration.

Visits by the President

During December Clem W. Collins, president of the Institute, made a tour of the southern states, addressing meetings of accounting societies and other groups. An account of Mr. Collins' visits is included in the following letter:

I have returned from my tour of the southern states with the feeling that the tradition of Southern hospitality has not only not been overdone but, on the contrary, has not been fully expressed.

DALLAS

My first point of contact was at Dallas where I met a splendid group of accountants, not only from Dallas but from Fort Worth, Waco, and other cities in that section of the vast State of Texas. An interesting coincidence was an editorial in one of the Dallas papers on the day of the banquet, Monday, December 5th, congratulating the city fathers of Dallas for their decision not

to ask for bids on the audit of the city's books, but to award the engagement to a responsible firm of accountants, indicating that the accountants of Dallas have succeeded in educating both public officials and the press concerning the undesirability of awarding accounting engagements on the basis of bids.

It was my privilege while in Dallas to address the student body of the school of business administration of the Southern Methodist University and also a luncheon meeting of the Alpha Kappa Psi fraternity alumni. The day following the meeting President Joe C. Harris of the Texas Society of C.P.A.'s, and Joe Hutchinson, Jr., together with Tom Leland, secretary of the Texas Society, drove me by auto from Dallas to Houston by way of the Texas A. and M. College. We had a perfect day for the trip and I had the pleasure of visiting on the campus of the Texas A. and M. College for several hours and had lunch with a number of the faculty at the Faculty Club. The witnessing of several thousand young men in military uniform marching to the music of two military bands into the mess hall, said to be the largest in the United States, was a spectacle long to be remembered.

At this institution I had the pleasure of addressing two groups: one, the students of accounting in the school of business administration, the other, a graduate class in economic theory.

HOUSTON

At Houston another large group of accountants gathered from the southern part of the state and a dinner meeting was held at the Houston Club Tuesday evening, December 6th, all details of which were admirably arranged by C. F. Milledge, assisted by the officers of the Texas Society and the Houston Chapter. I feel, from the enthusiasm shown at these two meetings, the State of Texas is in good shape professionally.

L. S. U.

Upon my arrival in Houston I found a call from Dean Trant of the Louisiana State University at Baton Rouge asking me to speak to the students there the following morning. He stated that in order to make it possible for me to do so and meet my engagements that afternoon and evening at New Orleans, he would send a private plane for me the following morning at Houston and would agree to have me in New Orleans on scheduled time. So, Wednesday morning, December 7th, Lieutenant Frame arrived in a Beechcraft Plane and delivered me on the campus of Louisiana State at 11 o'clock, where I addressed several hundred students, faculty members and businessmen, following which I again boarded the plane and true to Dean Trant's promise, was landed at the New Orleans Airport at 1:30 P.M., making it possible for me to have lunch with the officers and directors of the Louisiana Society at one of the famous New Orleans restaurants.

NEW ORLEANS

That evening a dinner was held, attended by the members of the Society, following which, guests of the members, including businessmen and students, were assembled to hear my message.

On Thursday, December 8th, my old friend, Archie Smith, took me to view some of the outstanding developments around New Orleans, followed by a delightful luncheon at Mr. Smith's home.

In the early afternoon I accepted an invitation to address the student body of the school of business at Tulane University. I find difficulty in adequately expressing my appreciation of the cordial hospitality of Archie Smith, E. S. Rittler, president of the Society of Louisiana Certified Public Accountants, Frank Youngman, chairman of the entertainment committee, and the other officers and members.

JACKSON

From New Orleans I took a plane to Jackson, Mississippi, arriving there in the late afternoon to find that I had had a misunderstanding of the arrangements which called for a meeting that morning. Members of the Mississippi Society of C.P.A.'s had gathered from all over the state for the meeting and you can imagine my embarrassment when I found that I had misunderstood the time and many members found it necessary to return to their homes. In spite of this unfortunate circumstance, there was a very fine representation of the profession at a dinner meeting that evening at the Robert E. Lee Hotel. Great interest was expressed by the members in the activities of the Institute and the problems facing the profession.

After the scheduled program the entire group remained until late in the evening discussing informally many matters of professional interest.

Dick D. Quin, president of the Mississippi Society of C.P.A.'s, and Roy Collins and others, saw that all details were taken care of to make my sojourn in Jackson pleasant.

BIRMINGHAM

From Jackson I flew to Birmingham where I was met at the airport by J. J. Scarborough, Jr., president of the Alabama Society of C.P.A.'s, and other officials of the society, and taken on a tour of the residential and industrial sections of the "Pittsburgh of the South." It was an impressive trip and greatly enjoyed.

I found at Birmingham that the subject of liveliest current interest was that of the consolidation of city and county governments, in which I happened to have had considerable experience. After discussing this subject at length with representatives of the press, at the request of the officers of the Alabama Society, I gave a fifteen-minute radio address dealing with that

subject and other kindred subjects. Immediately following the period on the radio, a banquet was served at which, in addition to a large gathering of accountants, there were present federal, state, and municipal officials, representatives of the bar, bankers, and others. The Birmingham papers were unusually generous in the space given to the meetings and addresses on this occasion.

ATLANTA

From Birmingham I took the train to Atlanta, where I met at breakfast Saturday morning, December 10th, a considerable group of Atlanta accountants. Considering the early hour, I was especially appreciative of this friendly gesture. After breakfast, Marvin F. Pixton, of the Atlanta Chapter of the Georgia Society of C.P.A.'s, took me by auto through the beautiful section of Georgia between Atlanta and Savannah. The day was perfect and gave me a chance to witness the Saturday afternoon atmosphere of villages in the deep south.

SAVANNAH

That evening at Savannah the Georgia accountants, headed by Henry F. Meyer, who, in addition to being a certified public accountant and chairman of the reception committee, also holds an office equivalent to that of Mayor of the City of Savannah, Brooks Geoghegan, of Macon, president of the Georgia Society, and Embry M. Kendrick, chairman of the Atlanta Chapter, arranged a delightful dinner meeting, which was well attended and much interest was manifested in the subjects discussed.

At Savannah I received another evidence of the remarkable courtesy of the Southerners. Not only did the Atlanta accountants give me the pleasure of an auto trip from Atlanta to Savannah, but at the Savannah meeting I met D. A. Smith and Ira J. Varne-

doe who had driven all the way from Jacksonville, Florida, to Savannah, Georgia, to take me by auto to Jacksonville for my next meeting. This trip through the southern plantations and the marshes, where tropical growth became more and more evident, was one long to be remembered. Arriving in Jacksonville on Sunday gave me an opportunity to see some of the most interesting sections of the state during that and the following day.

JACKSONVILLE

Sunday afternoon F. A. Tilton, president of the Jacksonville Chapter of the Florida Institute of Accountants, took me on a tour of the city and surrounding country, including the old home of Harriet Beecher Stowe. On the following day, Monday, December 12th, I was again taken on a most enjoyable journey to old St. Augustine where several pleasant hours were spent viewing some of the oldest buildings and forts in the United States.

The meeting on Monday evening at the George Washington Hotel was well attended and an opportunity was enjoyed of meeting not only the Jacksonville accountants, but others from cities throughout the northern part of the state.

A two-hour flight from Jacksonville gave me a bird's-eye view of Florida which left the impression that the state was much like the earth as a whole—three-fourths water.

MIAMI

I arrived at Miami just in time to go from the airport to the dinner that had been arranged at the University Club. There I met several old friends, including Robert H. Montgomery and Walter Mucklow, who acted as toastmaster at the banquet, which was well attended by accountants from the southern part of the state.

Colonel Montgomery gave a short address dwelling upon the importance

of united action on the part of the profession and the benefits to be derived from friendly meetings of local groups.

Miami being the last place scheduled on my itinerary, I succumbed to the enchantment of southern Florida and spent Wednesday, the 14th, in viewing the paradise of wealthy northerners. After a tour of the Coral Gables, the Pan-American Airport, and other points of interest, a tour personally conducted by James I. Keller, Jr., vice-president of the Florida Institute of C.P.A.'s, I was taken to the estate of Colonel Robert H. Montgomery where, in addition to a delightful luncheon with Colonel and Mrs. Montgomery, I had an opportunity to inspect the horticultural development of his estate, which is being carried out on an elaborate scale by the Colonel. This was all accomplished in spite of a persistent rain, which began to descend simultaneously with my arrival at the Montgomery home and continued until my departure from the city the following morning. The Colonel steadfastly refused to say that such weather was unusual, although he declared they had had no rain for several months.

Following this delightful visit, Walter Mucklow was my host on a tour of beautiful Miami Beach, followed by a dinner at the enchanting Le Roy Hotel.

The following morning I took a plane to New York to attend a meeting of the executive committee, and from there returned home with a feeling that the tour through the southern states had been highly satisfactory from my point of view, in that it gave me an opportunity to become personally acquainted with the members in that section and to discuss with them problems facing the profession which, interestingly enough, were found to be the same questions that are facing the profession in other sections.

I will long cherish the remembrance of the hospitality, genuine friendliness, and courtesy of the South.

CLEM W. COLLINS

Accountants Honor Banker

The profession of accounting, acting through the American Institute of Accountants and the New York State Society of Certified Public Accountants, will honor Philip A. Benson, newly elected president of the American Bankers Association, on Monday evening, January 30th, at the Waldorf-Astoria Hotel in New York.

Mr. Benson is a certified public accountant, and a member of the New York State Society of Certified Public Accountants, who has achieved the highest elective office in the field of organized banking.

Robert H. Montgomery, as past president of both the American Institute of Accountants and of the New York State Society, will be toastmaster at the dinner. Clem W. Collins, president of the American Institute, will extend to Mr. Benson the felicitations of the accounting profession. Victor H. Stempf, first vice-president and acting president of the New York State Society, will extend the good wishes of that society to its honored member. Morris C. Troper, president of the society, is at present in Europe.

A large attendance of members of the profession and their guests is urged at the dinner. Tickets will be six dollars each. Reservations may be made with Wentworth F. Gantt, assistant to the president, New York State Society of Certified Public Accountants, room 1602, 30 Broad Street, New York.

A large sponsoring committee is being formed for the dinner. The members of the committee will include the presidents of state societies of certified public accountants; officers and members of council of the American Institute of Accountants and the officers and directors of the New York State Society.

Secretary's Western Trip

In December the secretary of the Institute attended meetings of state societies of certified public accountants in eight western cities. In most cases the meetings were of an informal nature, called for the purpose of hearing the secretary report on current activities of the national organization, and usually his talk was followed by questioning and round-table discussion. Generally, there was emphatic approval of the Institute's efforts to strengthen its ties with the state societies, and almost without exception the state presidents showed great appreciation of the efforts of the Institute staff to assist them in their administrative work, and to keep them informed of current events of importance.

Complete unification of the profession seemed to be a common objective and generally there was agreement that attainment of that objective was rapidly being accomplished. Interest also centered about the following subjects: relations with the Securities and Exchange Commission, coöperation with bar associations, improvement of accounting and auditing procedure, extensions of time for filing tax returns or postponement of the filing date by legislation, the natural business year, public relations, the practice of the State of Indiana and the City of New York in accepting tax returns certified by certified public accountants, proposals for federal licensing of corporations, election of auditors by stockholders, regional conferences, methods of training younger men, possibly through the formation of student societies.

In addition to the regular meetings of state societies and chapters, the secretary attended a special conference at Chicago with officers of the Advisory

Council of State Society Presidents, a joint meeting of accountants and lawyers at Seattle, a meeting of an accounting fraternity of a San Francisco college, and two meetings of the committee on arrangements for the annual meeting of the Institute to be held at San Francisco September 18th to 21st, 1939, all of which are described below.

CHICAGO

On December 5th Edward B. Wilcox, chairman of the Advisory Council of State Society Presidents (also president of the Illinois Society of Certified Public Accountants), and Roland B. Keays, secretary of the Advisory Council (who is also president of the Michigan Association of Certified Public Accountants), met with John L. Carey, secretary of the Institute, and Frank A. Gale, assistant secretary, at Chicago. After extensive discussion of the place of the Advisory Council among the professional organizations, several decisions were reached: first, that the secretary of the Advisory Council write to all past chairmen and secretaries of the Advisory Council to obtain their views in the light of the experience of the first few years as to future activities of the Advisory Council and the nature of its programs at annual meetings; second, that a review of the proceedings of the Advisory Council in prior years be made as an aid in charting the course for the future; third, that all state society presidents be invited to attend the spring meetings of the council of the Institute, with the privilege of the floor; fourth, that the chairman and secretary of the Advisory Council be invited to attend all meetings of the Institute's council; fifth, that a committee of the Advisory Council submit a report of the Advisory Council's proceedings to the

council of the Institute at the meeting held on the Thursday following the annual meeting in each year.

SALT LAKE CITY

The annual meeting of the Utah Association of Certified Public Accountants was held at Salt Lake City at the Newhouse Hotel, on the evening of December 7th. About fifty persons were present. The secretary of the Institute was guest speaker. C. Irvin Fox, president of the society, occupied the chair. The association voted to adopt a new by-law, including the American Institute of Accountants' rules of professional conduct, with appropriate changes, as the rules of the association. A report of the special committee recommending prohibition against competitive bidding by members of the society was adopted. A report of another committee coöperating with the state tax authorities was approved. All the officers were re-elected for the ensuing year as follows: C. Irvin Fox, president; L. H. Pierce, vice-president; Ralph L. Neilson, secretary. Lincoln G. Kelly, member of council of the Institute, was host at a luncheon at the Alta Club on the same day in honor of the secretary of the Institute, which was attended by officers and directors of the state society.

PORTLAND

On December 8th, a special meeting of the Oregon State Society of Certified Public Accountants was held at the Bohemian restaurant. About thirty members and guests were present. The secretary of the Institute was the only speaker. Charles E. Rawlinson, president, occupied the chair. There was a good deal of informal discussion following the visitor's address. At noon the officers and directors of the state so-

ciety entertained the Institute secretary at luncheon at the Portland Hotel.

SEATTLE

The secretary was a guest of officers, directors, and committee chairmen of the Washington Society of Certified Public Accountants at luncheon December 9th, in Seattle. There was informal discussion of current professional affairs. Louis E. Smith, president of the society, presided.

In the evening the Seattle Chapter of the Washington Society had arranged a joint dinner meeting of accountants and attorneys at the Ranier Club. About 175 persons were present, approximately seventy-five of whom were members of the bar. Each attorney had received a personal invitation to the dinner from a certified public accountant with whom he was acquainted, and in most cases the accountants brought their own guests to the meeting. Don S. Griffith was toastmaster. He introduced the secretary of the Institute, who spoke of the desirability of close coöperation between accountants and lawyers, and discussed several of the accountant's professional problems which might be of interest to attorneys. Robert Buchanan, of San Francisco, a certified public accountant and a member of the bar, was then introduced and presented a paper on income-tax problems, in which he analyzed several court decisions indicating the close interrelationship of legal and accounting questions.

SAN FRANCISCO

At San Francisco on December 12th, the secretary attended a meeting of the Institute's committee on meetings and an advisory committee appointed by the president of the California Society, A. DeWitt Alexander, to discuss plans

for the 1939 annual meeting of the Institute. A number of subcommittees were appointed to deal with registration, reception, technical sessions, local transportation, banquet, entertainment, finance, program and invitations, golf, ladies' entertainment, tennis, and machinery exhibits. Since the time available was not sufficient to dispose of all matters before the group, the meeting was adjourned to the following day.

On Monday evening, December 12th, the secretary of the Institute was guest speaker at the annual banquet of Chi Pi Alpha, accounting fraternity of Golden Gate College, San Francisco. About 150 members of the fraternity and guests were present. The secretary spoke of the place of accounting in the present economic system, and the possibilities for the future. He stressed the importance of accounting in preserving democracy and capitalism under modern conditions.

At luncheon on December 13th, the adjourned meeting of the committee on meetings, the advisory committee and subcommittee chairmen was held. The Fairmont Hotel was definitely selected as convention headquarters, the duties of the various subcommittees were discussed, and a rough outline of the program was adopted.

In the evening the secretary was guest at a meeting of the San Francisco Chapter of the California State Society, and spoke briefly on the plans for the coming annual meeting of the Institute. The balance of the meeting was devoted to discussion of current tax problems. About 120 persons attended the meeting. L. H. Penney, president of the San Francisco Chapter, presided.

LOS ANGELES

On December 15th, the secretary was guest of the Los Angeles Chapter

of the California State Society. He lunched with the officers and directors of the Chapter, and in the evening attended a regular dinner meeting of the Chapter, at which he was one of several speakers, the others dealing with federal income taxation. About 100 persons attended the meeting. Oscar Moss, president of the Los Angeles Chapter, presided.

PHOENIX

The Arizona Society of Public Accountants met at Phoenix on December 16th, with about thirty members and guests present, to hear the secretary of the Institute. His talk was followed by considerable discussion. Dixon Fagerberg, Jr., president of the Arizona Society, presided at the meeting. During the day the secretary was a guest at luncheon of the officers of the Arizona Society, and was taken by them on a sightseeing trip during the afternoon.

OKLAHOMA CITY

A special meeting of the Oklahoma City Chapter of the Oklahoma Society of Certified Public Accountants was held at the Oklahoma Club, December 19th. About fifty members and guests were present. Ford L. Billups, president of the chapter, presided, and introduced the secretary of the Institute. Following his address there was round-table discussion. The meeting closed with a short talk by Howard W. Hinman, president of the Oklahoma Society.

WICHITA

On December 20th, the secretary was the guest of the Wichita Chapter of the Kansas Society of Certified Public Accountants, at the Allis Hotel, Wichita. Albert R. Wood, president of the Wichita Chapter, presided, and introduced the visitor. M. J. Kennedy,

president of the Kansas Society, was also present and spoke briefly. Questions and discussion followed the address. About forty members and guests were present.

Natural Business Year

Two additional bulletins analyzing seasonal fluctuations in particular industries and suggesting natural fiscal closing dates have been issued by the research-and-statistical division of Dun & Bradstreet, Inc., for the Natural Business Year Council.

Flour Millers

A closing date thirty to forty-five days before new crop shipments commonly begin to reach the mill elevators—that is, some date between March 31st and June 30th—is recommended for the following reasons:

1. The audited statement showing the results of the closed milling year would be available in ample time for negotiating credit lines to carry incoming new crop shipments.
2. Such a date approximately marks the end of the milling year.
3. Sales, inventories, receivables, and current liabilities would approximate their lowest points.

Dry Goods Wholesalers

December 31st, with November 30th as an alternate, is suggested as a closing date for the following reasons:

1. Sales, receivables, current liabilities, and inventories as a whole are at their lowest level for the year.
2. November 30th for those concerns which sell few holiday lines and whose sales and liabilities, therefore, are at a low level by the end of November.
3. Figures compiled on either of these dates would be most useful in planning the new season's operations.

Meeting of New York Lecture and Study Group

The second meeting of the lecture and study group was held at the Town Hall Club, New York, Monday evening, December 19, 1938. Twenty members attended the dinner prior to the meeting, and about thirty additional joined the group for the discussion period. C. C. Maher, manager of the claims department of the American Surety Company, led discussion of the subject, "Auditing of Cash and Securities."

Discussion continued with nearly the entire group in attendance, for one hour past the ordinary closing time of 9:45 P.M. Part of the session was devoted to discussion of actual cases without the use of company names.

The next meeting of the New York lecture and study group will be held after the busy season.

It is expected that many of those who regularly attend the lecture and study group meetings will plan to be present at the testimonial dinner to Philip A. Benson, newly elected president of the American Bankers Association, plans for which are described elsewhere in this issue.

Labor Relations

The Twentieth Century Fund recently announced plans for a factual survey of labor relations in the United States. The survey will be made by a special committee which was originally appointed in 1934 to make a study of the rôle of government in labor relations and issued its report, "Labor and Government," in 1935. The new study will be centered on six or eight basic industries. The committee hopes to assemble a factual picture of the present status of collective bargaining in the United States and make recommendations for future policy.

Visitors at Institute Offices

The following visitors from out of town have called at the offices of the Institute in recent weeks:

Parry Barnes, Kansas City, Mo.
Carl F. Bauman, Charleston, W. Va.
Charles F. Carr, Syracuse, N. Y.
T. Donald Cockburn, Buffalo, N. Y.
Clem W. Collins, Denver, Colo.
Homer L. Dalton, Toledo, Ohio
Albert Dixon, Jr., Hartford, Conn.
George P. Ellis, Chicago, Ill.
J. H. Gilby, Chicago, Ill.
Procter H. Kerr, Kansas City, Mo.
William B. Markovits, Middletown, N. Y.
Arthur C. Meade, Baltimore, Md.
Harry L. Oppenheimer, Chicago, Ill.
Spencer H. Over, Providence, R. I.
Frank Rupert, Madison, Wis.
Henry P. Schuit, Meadville, Pa.
Frank Stewart, Richmond, Va.
N. S. Taylor, Washington, D. C.
Charles W. Tucker, Boston, Mass.

Election of Members

In the absence of protest, the president has declared elected, as members and associates respectively, twenty-six applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot. Following are the new members and associates:

ADMITTED AS MEMBERS

Charles Berne, New York, N. Y.
Lee V. Brinton, Houston, Texas
William B. Carroll, Hartford, Conn.
Carl W. Christiansen, Providence, R. I.
Walter Deady, Jr., New York, N. Y.
J. J. Delpech, Honolulu, Hawaii
Henry O. Fischer, San Antonio, Texas
Paul F. Ierman, Ann Arbor, Mich.
John S. Miller, Memphis, Tenn.
Conrad F. Mills, Philadelphia, Pa.
A. Julius Nauman, Louisville, Ky.
Leonard Price, New York, N. Y.
P. J. Stouse, New Orleans, La.
Edward J. Taylor, New York, N. Y.

C. Henry Toler, Richmond, Va.
William J. von Minden, New York,
N. Y.
Lionel C. Wainewright, New York,
N. Y.

ADMITTED AS ASSOCIATES

Thomas H. Dowell, Louisville, Ky.
John W. Hall, Windsor, Ont., Canada
J. Hugh Jackson, Stanford University,
Calif.
Harry Mestel, Canton, Ohio
Nathan H. Miller, Chicago, Ill.
Edward B. Popper, New York, N. Y.
Gertrude Priester, New York, N. Y.
Ben Hur Puckett, Charleston, W. Va.
A. O. Bryan Turner, San Juan, P. R.

Early Accountancy Publication

Lybrand, Ross Bros. & Montgomery has presented to the library of the American Institute of Accountants a photostatic copy of volume I and volume II of *The Public Accountant*. The first number of this magazine was published in Philadelphia in October, 1898, one year before the enactment of the Pennsylvania C.P.A. law, and about two years after the enactment by the New York legislature of the first law in this country recognizing the profession of accountancy.

The mission of *The Public Accountant* was described in an editorial in the first issue of the magazine as being "to bring the business world to a knowledge of the value of an accountant's services, and thereby benefit the business world as well as the accountant . . . to place before its readers matters that are of direct interest to all the business and financial classes."

The leading article in the first issue, by J. E. Sterrett, reviewed the growth of the profession of accountancy from its earliest beginnings, and pointed out the need for state laws to govern the profession.

Examination Results

The papers of 674 candidates who sat for the Institute's examinations on November 17th and 18th in 27 states and 2 territories which have adopted the Institute's plan of coöperation have been graded by the Institute's examiners.

The results, as reported to the state boards on December 19, 1938, showed that 67.3 per cent were passed in auditing, 45.7 per cent were passed in commercial law, and 27 per cent were passed in accounting theory and practice. At the November, 1937, examinations, 69.3 per cent were passed in auditing, 38.5 per cent were passed in commercial law, and 17 per cent were passed in accounting theory and practice.

Candidates took the Institute's examinations in 9 other states and one territory which do not submit papers to the Institute's examiners for grading.

The total number of candidates taking the examination was 1,746.

Society Publication

The November issue of *The Connecticut C.P.A.* announced a change in its plan of publication.

During the months of January, April, July, and October of the ensuing year, that is to say quarterly, a bulletin of about the usual size will be issued, and during the remaining months a news letter will be published.

The news letter will contain personal news items and reports of all meetings, including committee meetings.

The bulletin will include, in addition to news items and reports of meetings, special articles on matters of particular interest to Connecticut certified public accountants.

Kenneth W. Davidson

Kenneth W. Davidson, of Kingman, Ariz., died as a result of an automobile accident on November 28th. He was born in 1891 in Princeton, Wis., and was graduated from Union University. Mr. Davidson was a past president of the state board of accountancy. He had previously served the board for several years as its secretary. He was active in local civic organizations. He was a certified public accountant of Arizona and had been a member of the American Institute of Accountants since 1936. Mr. Davidson was also an attorney, and at the time of his death was manager of the Kingman Credit Association.

J. Porter Joplin

J. Porter Joplin, of Chicago, Ill., died on December 24th. He was born in 1859 at Chippenham, Wilshire, England, and received his education in that country. Mr. Joplin's early business experience was with the Bank of Nova Scotia. He began the practice of accounting in 1888 at Chicago. Mr. Joplin took an active part in the establishment of the school of commerce at Northwestern University, Chicago, and the Walton School of Commerce, also at Chicago. He was one of the pioneer leaders in the movement to bring about the enactment of the Illinois certified public accountant law in 1903. He was also active in the formation of the Illinois Society of Certified Public Accountants, and served the society as vice-president and twice as president. Mr. Joplin was one of the vice-presidents of the American Association of Public Accountants (predecessor of the American Institute of Accountants) in 1905, and from 1914 to 1916 served

as president of the Association. Since 1916 he had served on a number of the committees of the American Institute of Accountants, including nine years as a member of council. He retired from the active practice of accounting in 1923.

James Park

James Park died at his home in South Nyack, N. Y., on December 6th at the age of seventy-three. He was born at Ulverston, county of Lancashire, England, and received his education there. In 1892 he came to this country and was employed by the firm of Deloitte, Dever, Griffiths & Co. Mr. Park was a certified public accountant of New York and Ohio and had been a member of the American Institute of Accountants and its predecessor organizations since 1905. He was the author of a book on business and manufacturing, and had contributed to American financial and professional periodicals. At the time of his death, Mr. Park was head of the firm of Park, Potter & Co., New York, N. Y.

Tax Study

At a meeting of the Oregon State Society of Certified Public Accountants, held December 14th, members received a special report, dealing with the accrual of property taxes, prepared by the society's committee on taxation. The report included discussion of the legal procedure for the assessment, levy, and collection of real and personal-property taxes, a description of the current methods of accounting for such taxes, and recommendations for uniform accounting treatment. Members of the committee were J. F. Lee, *chairman*, Dale Belford, S. D. Buell, Arthur M. Cannon, and Eric P. Van.

Beta Alpha Psi Notes

At the annual meeting of the Grand Council of Beta Alpha Psi, in Detroit on December 29th, a petition for a charter, presented by a group of students in advanced accounting courses at Louisiana State University, was approved. Professor Earl A. Saliers, member of the American Institute of Accountants, is the head of the teaching staff of the accounting department. Professor Daniel Borth, also a member of the Institute, represented the petitioning group before the Grand Council. Both Professor Saliers and Professor Borth are members of the Beta Alpha Psi fraternity, the former being a member of the Gamma Chapter at Northwestern University, Evanston, Illinois, and the latter being a member of Alpha Chapter at the University of Illinois, Urbana, Illinois. The new chapter will be installed sometime during the present school year. Included in the petitioning group were twelve undergraduate students and eight graduate students.

Professor F. H. Elwell, director of the school of commerce and head of the department of accounting, University of Wisconsin, was elected to membership on the Grand Council of Beta Alpha Psi fraternity at the annual meeting. Professor Elwell is a member of the American Institute of Accountants.

Professor C. Aubrey Smith, University of Texas, retired from the Grand Council after having served a full five-year term. He held the office of past president during the past year.

The Grand Council as reconstituted for the coming year will be as follows:

Professor W. E. Karrenbrock, University of California at Los Angeles, president.

Professor Harry J. Ostlund, University of Minnesota, past president.

Professor George E. Bennett, Syracuse University, councilor.

Professor F. H. Elwell, University of Wisconsin, councilor.

Professor Hermann C. Miller, Ohio State University, secretary-treasurer.

PROPOSED CONTACT BUREAU

The establishment of a "contact bureau" for the benefit of both the alumni and active members of the Beta Alpha Psi has been proposed. The main purpose of the bureau is to provide the most effective means of dealing with the problem of bringing the man and the job together. One feature of the bureau would be listing a sufficient number of qualified candidates and sending appropriate information to business organizations concerning available prospective employees. When a recommended candidate has accepted a new job someone else qualified could be recommended to fill the vacancy. All members would be requested to notify the bureau of prospective openings and also of their own availability for a position of a certain kind. Members of the fraternity are urged to cooperate in the establishment of the bureau by supplying data to make up a complete experience-card record file, which can be kept up to date through notices of changes sent in from time to time.

GAMMA CHAPTER

On November 13th the Gamma Chapter at Northwestern University held a dinner meeting at the Orrington Hotel, Evanston, Illinois. George P. Ellis, of Chicago, member of the executive committee of the American Institute of Accountants, was chairman of the meeting.

Paul F. Schwaighart, Jr., president of the chapter, delivered an address of welcome to the new members. The

principal speaker was Edward B. Wilcox, president of the Illinois Society of Certified Public Accountants and chairman of the Advisory Council of State Society Presidents, who spoke on the future of public accounting and the service of accounting associations.

Seven new members were initiated into the chapter: Earl Baumann, Leonard H. Hudson, Robert Kasten, Albert Litwin, Marvin Robinson, Louis S. Sorbo, and Raymond Williams.

THETA CHAPTER

J. A. Phillips, past president of the Texas Society of Certified Public Accountants, was recently initiated as an honorary member of the Theta Chapter, at the University of Texas.

UPSILON CHAPTER

The Upsilon Chapter at the University of Florida, Gainesville, sponsored a student institute on accounting in November, at which the following members spoke:

Russell S. Bogue—"Ethics and the Practice of Accountancy in Florida."

James I. Keller, Jr.—"The Relation Between Accountancy and Law."

Charles C. Potter—"Duties and Responsibilities of the Junior Accountant."

Joseph A. Sweeny—"What the Practitioner Expects of the University in Training Future Accountants."

H. M. Turnburke—"Accountancy—A Profession for Educated Men."

Inheritance and Estate Taxes

The Bureau of the Census, Department of Commerce, has issued a "Digest of State Laws Relating to Inheritance and Estate Taxes, 1938." The laws of each state are analyzed separately, and there is included a general summary of all the laws, pointing out their differences and common features.

New Jersey Society Headquarters

The establishment of permanent headquarters at the National Newark Building, 744 Broad Street, Newark, N. J., has been announced by the New Jersey Society of Certified Public Accountants. A full-time assistant secretary has been engaged.

Accounting Libraries

A memorandum on methods of establishing and maintaining libraries has been sent by the secretary of the American Institute of Accountants to the presidents of all state societies of certified public accountants and their chapters. The memorandum was in response to requests received from several state society officers.

The memorandum suggested the following assistance which the American Institute library could provide in such a project:

1. List of approved accounting books and reference volumes, from among which choice must be made if the state society or chapter library is to make a good start.
2. Books which may be purchased within various budget limitations.
3. Supplies of record cards, whose form has been worked out by the American Institute library staff.
4. Preparation of a catalog for the state society or chapter library. This catalog will be made up, if desired, to cover books included in the initial purchase. Methods of keeping the catalog up to date as new books are added will be outlined.
5. Instruction in the management of an accounting library for members of the full-time staffs of state societies or chapters having their own headquarters.
6. Information about new accounting books from time to time.

Meetings and Elections

California State Society of C.P.A.'s

Los Angeles Chapter

Date: November 14, 1938.

Speakers: A. De Witt Alexander, on the future of the certified public accountant.

A. J. Watson, on treasury stock—accounting principles relating thereto and their application to California corporations.

Connecticut Society of C.P.A.'s

Date: December 1 and 2, 1938. Tax Conference.

Place: Hartford.

Topics of Discussion:

General provisions of the 1938 revenue act; gains and losses; personal holding companies, foreign personal holding companies, China trade act corporations and foreign corporations; corporation income taxes, capital stock and excess profits taxes; estates, trusts, fiduciaries and gift taxes.

Illinois Society of C.P.A.'s

Date: November 17th. Joint meeting with Chicago chapter of Robert Morris Associates.

Place: Chicago.

Speakers: C. M. Smits, vice-president of the Continental Illinois National Bank & Trust Company of Chicago, and David Himmelblau, of Chicago, led a discussion of auditors' certificates.

Maryland Association of C.P.A.'s

Date: November 22, 1938.

Place: Baltimore.

Speaker: Walter D. Fuller, president of the Curtis Publishing Company, on incentive taxation and its stimulus to business.

Other organizations taking part in the program were the Baltimore chapter of the National Association of Cost Accountants, the Baltimore Association of

Credit Men and the Maryland Association of Public Accountants.

Massachusetts Society of C.P.A.'s, Inc.

Date: October 31, 1938.

Place: Boston.

Speaker: Lawrence A. Appley, director of education of the Socony-Vacuum Oil Company of New York, on "Business Looks to the C.P.A."

Date: November 22, 1938.

Speaker: Douglas I. Mann, on taxation of capital gains and losses—corporations and individuals.

Date: December 15, 1938. Joint meeting with Boston Chapter, National Association of Cost Accountants, and New England Control of the Controllers Institute of America.

Place: Boston.

Speaker: Victor H. Stempf, on important changes in the federal tax laws.

Michigan Association of C.P.A.'s

Western Michigan Chapter

Date: October 27, 1938.

Place: Grand Rapids.

Speaker: C. W. Locke, Ingham county treasurer, on Michigan's general property tax laws.

Date: November 15, 1938. Joint meeting with National Association of Cost Accountants.

Speaker: George D. Bailey, on inventories.

New Jersey Society of C.P.A.'s

Date: November 2, 1938.

Place: Newark.

Speakers: Jean Chianese, chief accountant of the New Jersey Unemployment Compensation Commission, on New Jersey unemployment compensation contributions.

Frank Walsh, of the office of the Collector of Internal Revenue, on taxes under the federal social-security act.

Howe P. Cochran, on the 1938 revenue act as it applies to corporations.

Walter A. M. Cooper, on federal income taxes.

Edward E. Burke, chairman of the social-security committee of the society, presided over discussion of pay-roll taxes.

Date: December 14, 1938.

Place: Newark.

Speakers: Maurice Austin, on capital gains and losses under the 1938 act.

Sydney A. Gutkin, on new provisions with respect to corporate liquidations under the 1938 act.

New York State Society of C.P.A.'s

Date: December 12, 1938.

Place: New York.

Speakers: Leo Mattersdorf, on changes in New York State tax laws in 1938.

Isidor Sack, on the widening gap between the federal income-tax law and the New York State income- and franchise-tax laws.

Benjamin Harrow, professor of law and taxation at St. John's University, on some accounting problems presented by the New York estate tax.

Albany Chapter

Date: November 16, 1938.

Speaker: William J. Picard, chairman of the board of standard and appeals of the state department of labor, on the department's work and its relation to business.

Ohio Society of C.P.A.'s

Cincinnati Chapter

Date: November 17th. Joint meeting with National Association of Cost Accountants.

Speaker: Dr. Roy B. Kester, professor of accounting, Columbia University, on education for accountancy.

Oklahoma Society of C.P.A.'s

Date: November 14 and 15, 1938. Annual Meeting.

Place: Oklahoma City.

Speakers: Walter D. Snell, on audit of savings and loan associations. Discussion of *A Statement of Accounting Principles*. Leader—Roy F. Godfrey.

Henry L. Fist, attorney at law, Tulsa, on the bankruptcy act of 1938.

W. D. Rich, school of business, Okla-

homa A. & M. College, on legal responsibilities of accountants.

Arnold W. Johnson, school of business, University of Oklahoma, on accountants' certificates.

Howard Hinman, on implications of the Hendler decision.

Banquet: Speaker—Edgar S. Vaught, judge of the United States District Court.

Elections: President—Howard W. Hinman, of Oklahoma City.

Vice-president—John R. Cowan, of Tulsa.

Vice-president—Ford L. Billups, of Oklahoma City.

Secretary—Albert W. Cory, of Oklahoma City.

Asst. Secretary—E. E. Parsons, of Tulsa.

Treasurer—A. L. Breneman, of Tulsa.

Asst. Treasurer—J. O. Williford, of Muskogee.

Oregon State Society of C.P.A.'s

Date: November 9, 1938.

Place: Portland.

Speakers: Ivar Hanson, director of research and statistics, State Unemployment Compensation Commission, on the Oregon state unemployment compensation law.

J. S. Bucknam, Jr., on modern procedure in making disbursements by check.

Presentation of life membership certificate to Joseph G. Gillingham, in honor of his 25th anniversary of joining the society.

South Carolina Association of C.P.A.'s

Date: December 9, 1938. Annual Meeting.

Place: Columbia.

Speakers: Sidney Duncan, law student at the university, on "A Prelude to Progress."

George E. Olson, dean of School of Commerce, University of South Carolina, on federal taxes.

B. M. Edwards, president of South Carolina National Bank, on relations between the profession of accountancy and the banking business.

Texas Society of C.P.A.'s

Dallas Chapter

Date: October 24, 1938.

Speaker: Professor Arthur A. Smith, acting head of the department of economics at Southern Methodist University, on the new federal wages and hours law.

Announcements

St. George T. Abrahams & Company announce the opening of offices in Peoples National Bank Bldg., Lynchburg, Va.

James C. Addison and Company announce the removal of their offices to 903 Fleming Bldg., Des Moines, Iowa.

Alexander Ball announces the removal of his office to 1302 Central Tower, 703 Market St., San Francisco, Calif.

Russell S. Bogue announces the removal of his offices to suite 1204, Citizens Bank Bldg., Tampa, Fla.

Manfred Holck announces the removal of his office to 719 Brown Bldg., Austin, Texas.

Horton and Bixler, of Albuquerque, N. M., announce the admission to the firm of the following junior partners: C. J. Brasher, Charles F. Bridewell, J. E. Cassell, O. E. Clendenen, D. A. Davenport, J. D. Graham, Jr., Wm. M. McClintock, Charles A. Mehlhorn, C. E. Nicholson, and Jerry Norris.

Isenberg, Purdy & Donovan announce the removal of their offices to Barlum Tower, Detroit, Mich.

P. Frederick Jurgs, Edward J. Murray, and Seth A. Densmore, announce that the practice heretofore conducted as Francis C. Derby Company will be continued under the firm name of Jurgs, Murray & Densmore, with offices at 135 College St., Burlington, Vt.

J. L. Lonegren & Co. announce the change in firm name to Lonegren, Brackett and Freeman, with offices in the Phoenix Bldg., Minneapolis, Minn.

Loomis, Suffern & Fernald, of New York, N. Y., announce that John Leighton has become a member of the firm.

J. Lee Nicholson & Company announce that Edward A. Wilde, William W. Rohrbach, and Anthony J. Yocis have been admitted as partners in the firm.

J. F. D. Rohrbach, of New York, N. Y., announces his withdrawal from the partnership of J. Lee Nicholson & Company, to accept a position as assistant to the president of Raybestos-Manhattan, Inc., 61 Willett St., Passaic, N. J.

Ring, Mahony & Arner announce their two new locations in the Alfred I. duPont Bldg., Miami, Fla., and 1101 Lincoln Road Bldg., Miami Beach, Fla.

Julian Saviat, of New York, N. Y., announces the opening of offices at 345 Central Ave., Jersey City, N. J.

Morris W. Whitaker announces the opening of accounting offices in suite 1017-1018, Peoples National Bank Bldg., Lynchburg, Va.

William L. Yaeger announces the removal of his office to 906 Investment Bldg., Washington, D. C.

L. B. Baker, of New Haven, Conn., recently addressed the Bridgeport Engineering Institute on the subject of budgets.

Arthur E. Blumenschine, of Newark, N. J., has been elected president of the North Newark Kiwanis Club.

On December 14th, Joel M. Bowlby, of Chicago, Ill., addressed the Accountancy Club of the University of Illinois on the subject of opportunities in the field of public accounting.

Harvey S. Chase, of Winter Park, Fla., addressed the Property Owners Association of that city on December 12th on "Survey of the City Finances."

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of the American Institute of Accountants

FEBRUARY 1939

VOL. 19 • No. 2

Accountants and Bankers

Conference of N. Y. Attorney General

Secretary's Address at Pittsburgh

Analysis of Institute Membership

Conference on Financial Management

State Accountancy Legislation

Announcements

15¢ a Copy

Published Monthly

\$1 a Year



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Officers 1938-1939

AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

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THE CERTIFIED PUBLIC ACCOUNTANT.

Bulletin of the American Institute of Accountants

Accountants and Bankers

AT A dinner at the Waldorf-Astoria Hotel, New York, on January 30th, the accounting profession, through the American Institute of Accountants and the New York State Society of Certified Public Accountants, honored one of its own members, Philip A. Benson, certified public accountant, who had recently been elected president of the American Bankers Association. Mr. Benson is president of the Dime Savings Bank of Brooklyn and has been a full member of the New York State Society since 1913.

The attendance was more than 250. Robert H. Montgomery, past president of both the Institute and the New York State Society, was toastmaster. He was introduced to the gathering by A. S. Fedde, chairman of the dinner committee and chairman of the Institute's special committee on coöperation with bankers. Colonel Montgomery presented Mr. Benson, who spoke on the subject, "Serving a Public Need." A part of Mr. Benson's talk was broadcast over the facilities of Station WMCA. The complete text will be published in *The Journal of Accountancy* for March.

Mr. Benson spoke at length of the confidence which the public places in financial statements audited by certified public accountants and of the responsibility which the accounting profession has toward all those who rely upon their audit reports. He spoke of the difficulties which accountants frequently must overcome in the ascertainment of financial worth and stressed the need for continuous research. Mr. Benson said that the public should recognize what the accounting profession, under an aggressive leadership, has done to raise the standards of accounting in this country. He also discussed related problems of banking and spoke particularly of the new services which accountants are prepared to render business.

After Mr. Benson's address, Clem W. Collins, president of the Institute, and Victor H. Stempf, acting president of the New York State Society, each spoke briefly. It was clear from all that was said that long years of coöperation between bankers and the accounting profession had brought about a remarkable understanding between the two fields and recognition of the part which each plays in support of the nation's credit structure.

Digest of Answers to Questionnaire Regarding Interstate Practice of Accountancy

AMERICAN INSTITUTE OF ACCOUNTANTS

COMMITTEE ON STATE LEGISLATION

IN July, 1938, a questionnaire was sent to all members of the Institute for the purpose of obtaining information as to the extent of actual interest in the subject of interstate practice and as to practical inconveniences, difficulties, or barriers confronting an accountant of one state when he needs to enter another state in serving a client or clients. This questionnaire was as follows:

Have you had occasion within the past five years to enter a state (or states) other than the one in which your practice is principally conducted, to do accounting work?

Have you experienced any inconvenience or difficulty in doing so?

If so, name the state or states, number of instances in each within the past five years, if known, and give an indication of the nature and degree of difficulty.

Name of state or states	Number of instances in past 5 years	Nature and degree of inconvenience or difficulty (for instance, if required to file application for permit or pay fees, if great detail required in application, if permit refused, etc., please state accordingly).
.....
.....

Have you had inconvenience or difficulty in arranging for any or all of the following to cross state lines in your accounting practice?

Principal who is C.P.A.
Principal, not a C.P.A.
Employee who is C.P.A.
Employee, not a C.P.A.

Have you encountered any difficulty in determining whether, under given conditions, you could cross a given state line without a permit?

Have you experienced any difficulty in determining how to obtain a permit?

Has the inconvenience or difficulty to you of entering another state to do accounting work increased within the past five years?

If so, and if you can give the number of instances per year where you crossed state lines freely five years ago but now have some special requirements to meet, please do so.

If you know of a case or cases where barriers against interstate practice have interfered substantially with service to a client or clients please furnish an outline (with no identification of client), either on this sheet or in a separate memorandum.

.....
Member or Associate of
the American Institute of Accountants.

.....
Date

The number of replies received, the comments accompanying the questionnaire, and inquiries as to the results of the questionnaire indicate a live interest in this subject among the Institute members. The following summary of the replies and comments relating to them is therefore published for the information of members.

A total of 1,114 replies was received. It should be understood that in numerous cases a single reply has been made for a firm the members and staff of which include two or more members of the Institute, so that the total of members represented in the replies is substantially more than the actual number of replies received.

It will be noted that in some cases comments were given relating to special matters which are partly in conflict with the answers to the questions as stated. An attempt has been made to indicate these conflicts, the number of which is relatively small, without going into undue detail.

The following summary classifies the replies received:

Number	Per cent	
75	6.7	Reported they have had occasion within the past five years to enter a state or states other than the one in which their practice is principally conducted, to do accounting work, and have experienced inconveniences or difficulties in doing so.
In addition, these members reported as follows:		
16		reported they have had difficulty in determining whether, under given conditions, they could cross a given state line without a permit.
9		reported they have had difficulty in determining how to obtain a permit.

Number Per cent

19 reported that the inconvenience and difficulty of entering another state to do accounting work has increased within the past five years.

753 67.6 Reported they have had occasion within the past five years to enter a state or states other than the one in which their practice is principally conducted, to do accounting work, and have not experienced any inconvenience or difficulty in doing so, with qualifications in some cases as to obtaining information.

In addition these members reported as follows:

109 reported they had not had any occasion to request a permit to cross state lines or they had never tried to obtain a permit to cross state lines within the past five years. Presumably these members had gone freely from one state to another without permits.

35 reported they had experienced some difficulty, either in determining whether, under given conditions, they could cross a given state line without a permit or in determining how to obtain a permit, or otherwise had found difficulty in passing from one state to another to serve clients.

828	74.3	Total members having occasion to cross state lines.
286	25.7	Reported they have had no occasion to cross state lines.
1,114	100.0	Total replies received.

It will be observed that of the total replies received, approximately 75 per cent were from members who stated that within the past five years they have had occasion to enter states, other than the ones in which their practices are conducted, to do accounting work. This is interpreted as showing clearly that it is important to the profession to be able to cross state lines readily in order to render the service which is required by clients.

The difficulties or inconveniences most frequently experienced by the 75 members comprising the first classification in the summary are set forth below:

	Number	Per cent
Registration or permit necessary.....	38	33.9
Payment of fee required.....	26	23.2
C.P.A. from own state (3) or accountant from own country (9) required.....	12	10.8

Certification by C.P.A. in own state or qualification	10	8.9
Others	26	23.2
	<hr/>	<hr/>
Total items reported by 75 members	112	100.0
	<hr/>	<hr/>

The foregoing figures include nine instances of inconvenience or difficulty reported in connection with practice in other nearby countries so that, strictly speaking, there are actually 103 instances of inconvenience or difficulty of interstate practice within the United States represented in the above figures. As indicated, the problems of going into other countries for accountancy practice are all included in the third of the foregoing items.

Of the ten states requiring the payment of a fee, the amounts thereof have been indicated in the following cases:

Name of state	Amount of fee	Remarks
Arizona	\$ 5.00	Annually per engagement
Florida	10.00	Annually per engagement
Louisiana	3.00	Annually
North Carolina	2.00	Annually per firm member
Tennessee	5.00	Annually
Virginia	5.00	Annually per firm member

In the second classification of the summary, which comprises members who reported that they had had occasion within the past five years to enter a state or states, other than the one in which their practice is principally conducted, to do accounting work and have not experienced any inconvenience or difficulty in doing so, twelve replies included the following observations of interest:

- Clients were either lost or dropped due to difficulties in complying with requirements.
- Fees were uncollectible because courts ruled out-of-state accountant had practised illegally.
- Accountants without knowledge of regulations had crossed state lines to practise or by ignoring state laws had practised illegally.
- Several made no inquiries in advance but found registration was necessary before work could be taken up.

The comments received were illuminating, but it is not practicable to reproduce them or summarize them completely here. A considerable number of the comments expressed hope that interstate practice problems may be simplified in the future and others expressed substantially a hope that they may not become worse than they are at present.

The comments received also indicate the impracticability of enforcement of provisions against accountants from one state entering another in the regular service of clients, except where the accountants' report is to be used in the state which he enters by a governmental unit or by a company which is aware of the particular provision against accountancy practice by those from other states.

The replies give a strong and clear indication that it is important to a large percentage of the members of the American Institute of Accountants to be able to pass freely from one state to another in serving their clients.



Federal Organization and Accounting

BY LLOYD MOREY

Chairman, Special Committee on Governmental Accounting

THE problem of accounting of the United States Government both as to organization and as to procedure is one of the greatest problems of the kind in the world. Its difficulties are enhanced by the complexities of federal organization, the wide diversity and location of activities, and the numerous laws governing it. The problem is one which should enlist the interest of all accountants, both as citizens and as experts.

There has been for some time a rather widespread feeling that, although excellent work is being done in accounting in many departments of the government, numerous phases of the procedure might be improved.

In the last session of Congress a bill providing for sundry reorganization was presented. Included in this bill was a proposal to transfer the accounting activities of the Comptroller General's office to an executive department and limit the work of the former office to that of post auditing. This phase of the bill brought forth intense discussion and the bill was defeated. Whether or not the decision was a correct one or was based on the merits of the case, the problem remains unsolved.

There are many diverse opinions as to the correct solution. Some persons feel that, although the general accounting office has failed to achieve the results expected of it and many deficiencies prevail, the organization in principle is correct and existing difficulties can be overcome. Others, however, favor a separation of accounting and auditing in the manner followed in most private business organizations. Some would favor the centralization of accounting in a financial department of the executive division of the government while others would favor as large a decentralization as possible so that accounts would be attached to and kept in accordance with the need of the various departments and activities.

Whatever may be said for the different opinions, it is clear that the problem is primarily one of accounting and should be settled in accordance with sound accounting principles. For that reason it is fitting that the American Institute of Accountants should take an active part in its consideration and should do everything possible to see that a decision is based upon the merits of the case and upon regard for sound accounting principles. It should also see that suitable standards are established with respect to the selection of officials and responsible staff members in charge of accounting and auditing. Members of the Institute should inform themselves as far as possible concerning the problem so that they can deal with it intelligently if it comes to their attention and may be able to inform other citizens correctly concerning it.

The Institute has a special committee on governmental accounting. Because of the current importance and interest in the problem of federal organization and accounting a special subcommittee to deal with that subject has been created among the members of the general committee.

Members of the subcommittee are:

George P. Ellis, *Chairman*, Chicago, Ill.

George P. Auld, New York, N. Y.

Chesley S. Goldston, Richmond, Va.

Henry P. Seidemann, Washington, D. C.

Lloyd Morey, *ex-officio*, Urbana, Ill.

The subcommittee hopes to be able to develop sound principles on the basis of which the problem can be appraised and the judgment and opinion of the Institute expressed. The committee will appreciate comments and suggestions from any members of the Institute and seeks the interest of all members in its work.



American Institute of Accountants

Discussion of Accounting Practice and Procedure

Report of the Conference of N. Y. Attorney General

IN THE CERTIFIED PUBLIC ACCOUNTANT for January it was reported that on January 6th a meeting called by John J. Bennett, Jr., Attorney General of the State of New York, had met for discussion of accounting practice and procedure and that the Institute, through a special committee, had filed a statement which was reproduced in full in that issue.

In the absence of Attorney General Bennett, Ambrose V. McCall, Assistant Attorney General, presided at the meeting, assisted by Max Furman, also Assistant Attorney General. On January 17th Mr. McCall and Mr. Furman submitted to Mr. Bennett a report of the proceedings at this meeting and made certain observations and recommendations regarding accounting practices and the organization of the accounting profession.

This report promptly received the attention of the executive committee of the Institute, and the secretary was instructed to dispatch a reply to Attorney General Bennett. Both the report and the reply are reproduced herein. Following is the text of the report filed by Assistant Attorneys General McCall and Furman:

THE REPORT

The conference on accounting practice and procedure was held on January

6, 1939, in Room 500 of the State Office Building, at 80 Centre Street, New York City. We were assisted by Dr. Harlan H. Horner, Associate Commissioner of the State Department of Education, who presided over the conference with us. The general public interest occasioned by the calling of this conference and the eminence of the professional people can be seen by an examination of the list of speakers' names and the general record of attendance which appear in the index of the minutes of the conference.

The conference definitely cleared the air of considerable confusion, and we shall in this report attempt to draw our conclusions from the statement presented. In doing this, we have not confined ourselves solely to the record of the conference. We have drawn on our own experiences and on many communications which have been sent to us both before and after the conference.

All the technical recommendations and suggestions contained in this report have been made by Mr. Furman. They represent not only his professional viewpoint, but also coincide with the views of Mr. McCall which have been formed as a result of the many years of experience in investigating financial statements and balance-sheets.

The reports are replete with recommendations by qualified accountants that are unquestionably of considerable merit. We have not attempted to summarize these recommendations, but merely confine this report to such matters which we feel should be drawn specifically to your attention.

It has definitely been shown that the balance-sheet examination as conducted with the consent, approval, and even direction of the American Institute of Accountants and by the New York State Society of Certified Public Accountants was not designed to disclose collusive manipulations by employees. It is natural, therefore, that this form of examination does not disclose any collusive manipulations by the management of corporations. This conclusion is supported by the joint statement of both societies submitted to our conference.

Of course, the layman, not knowing this, properly has assumed that the form of examination was designed to disclose collusive fraud, and it has always given due credence to financial statements prepared by certified public accountants. It is with this concept that we are particularly concerned.

The duly accredited societies of certified public accountants allege, and this is borne out by the statement submitted by the New York Stock Exchange, that this limitation by the accountants was completely disclosed years ago by the issuance of publications through the facilities of the New York Stock Exchange and by the societies themselves. These publications clearly disclose the limited scope of the examination upon which the balance-sheets are submitted.

It is our opinion that no amount of publicity of this type will reach or penetrate the mind of the investing public. That group will always believe that, if a certified public accountant's name appears on the face of a balance-sheet, such accountant has made sufficient examination to assure himself that the statement truly reflects the financial condition of the company as of the date mentioned. It is also our opinion that nothing short of clear unequivocal language on the face of the balance-sheet showing what the accountant has not done will relieve the accountant of his moral, if not legal, responsibility in this regard.

By such language we do not mean qualifications such as "supported by certificates of responsible officials" or the statement obscured in the standard form of certificate, "we did not make a detailed audit of the transactions" and "obtained information and explanations from officers and employees of the company." We believe rather that the balance-sheet should contain the statement, "inventory has not been verified" or "accounts receivable were not tested or verified by direct communication."

There can be no dispute that such qualifications, given sufficient prominence, would go further in the direction of nondeception than the methods heretofore used.

Of course, balance-sheets, qualified as suggested here, would rightfully be greeted with scepticism by the public, and that brings us to the consideration of the fact that the effect of these very obscure limitations were known and approved by the New York Stock Exchange as far back as in 1933 when they consulted accountants with regard to the scope of their examinations. It is noted that the accountants they collaborated with are the nine audit firms who conduct most of the audits of corporations which are listed on that Exchange. It is with relief that we learn that a new study is being made by the Exchange for the remedy of the situation.

The conference revealed further that, while the New York Stock Exchange was accepting these qualified balance-sheets, credit men realized their danger and have insisted for a considerable period on balance-sheets that were not qualified as to "collusive fraud." The credit men inform us that they have been extraordinarily successful in this regard.

Can it be that credit men are less gullible and trusting than the investment group, or is it merely that more complete information is necessary for the extension of your employer's credit than for the individual who is investing

in the common or preferred stock of a corporation?

It is argued on behalf of the societies that inventories cannot be evaluated by them as to quantity, quality, or condition. They do, however, recommend that the taking of inventories be supervised in the audits of smaller concerns.

We recognize the expense and difficulty in a complete verification of inventories in a large concern. We do not agree, however, that they cannot be tested in sufficient quantities to assure the accountant that the inventory has not been materially overstated. If the accountant of a smaller concern is competent to judge his client's merchandise, there seems no reason why accountants with larger staffs of men cannot have some men with varied experiences to cover most industries. As to those which are entirely unique, there seems to be no reason why qualified appraisers could not be hired to appraise quantity, quality, or condition. Surely the larger firms of accountants do not hold themselves out to be less competent than the auditors of smaller organizations.

Similar objections are raised by the accountants to the verification of accounts receivable by direct communication. It is admitted that this is the surest method of verification and it is recommended by the societies to auditors of smaller firms, but it is only considered optional with the auditors of larger firms. We feel that a sufficient number of customers can be circularized to furnish the accountant with a clue as to any manipulation even in a large corporation. Furthermore, a test check such as that, properly diversified, would act as a deterrent to the employee or the management, which in itself would be more valuable than the information the accountant gains therefrom.

The discussion disclosed that accountants were often limited by their clients as to expense and to the scope of the audit itself. When the accountant

permits himself to be thus guided, he is lowering himself to the level of an employee and is forsaking his true duty to the public and others who rely on his report. If the profession will permit such domination, it is definitely relinquishing the very reason for its existence.

One more word on the standard balance-sheet investigation before we pass on. As the conference discussed its weakness in not disclosing collusive fraud and understatement of assets, we wondered just what the audit did disclose. Collusive fraud is a subject so broad, when we consider it in the light of the McKesson & Robbins case and the Richard Whitney matter, that if the accountant relieves himself of this responsibility, he serves no purpose whatsoever. Every large organization has on its pay roll some comptroller or auditor who will and can prepare a balance-sheet in accordance with the wishes and concepts of the management. It is not necessary to hire independent auditors to go through the hokus pokus of an examination to stamp their approval thereon.

The human element in accounting plays as important a part in an audit as the scope and program of the audit. The principle is elementary. It is safe to say that despite all limitations in the audit, the frauds complained of by the Attorney General would have been disclosed much sooner had the auditors displayed sufficient initiative, business acumen, energy, and scepticism in their work. It is fair to say also that the accounting profession should not be pilloried for the failure of the human element and we hold very definitely to that statement. We feel, however, that much can be done to minimize this by the profession itself if it will search its own methods, habits, and the formulas of internal management of their own audit firms.

Some suggestions were made with regard to minimizing this. One of these is as old almost as the accounting profession itself, and that is that the

staff which conducts the audit be rotated often and that the audit program be varied each year so that collusion or manipulation which escapes discovery one year will be disclosed the next. Had this been done in two of the cases under scrutiny, the frauds would have been discovered much sooner. We think well of this suggestion and feel that it should be developed further and given more prominence.

There was too little said at our conference with regard to matters which go more to the meat of this situation. As we read the transcript of the conference, we wonder what kind and how much work should be delegated to junior accountants, who have merely a smattering of theory learned in the schools and have no business experience whatsoever. We wonder to what extent the limited experience and initiative of a semi-senior or a senior accountant can be permitted to carry on with no supervision. Just what part of an audit shall the partners of the audit firm, who have initiative and have even the authority to antagonize their clients by their questions, take in the conduct of an audit?

Our experience has shown that altogether too much of the audit is performed by employees, oftentimes underpaid and unqualified, and that the principals of audit firms have taken little or no part at all in the program of the audit. Contracts for audits are awarded on the strength of the reputation of the principal and not of the staff of the firm.

We feel that the societies of certified public accountants could go a long way in eliminating the failure of the human element in the course of an audit by defining the duties of the partners of a firm as well as the duties of the employees. If the principals of accounting firms will, or have, degenerated to nothing more than super-salesmen or personnel managers and have deserted their profession for the more shiny returns of mass production, all the theory of accounts and stand-

ardization of audits prepared by the societies will not save the profession from complete decadence.

We are pleased to hear that the New York State Society of Certified Public Accountants will hold a series of hearings to discuss the situation with a view towards remedying it. We know of no group more qualified to perform this service. Severe criticism has been leveled at this society in the course of our conference. We have no means of determining its truth or accuracy, and investigation therein might be considered presumptuous by infringing upon the jurisdiction of the State Department of Education. The fact is that the State Department of Education has given at least a semiofficial standing to this body as representing the best interests of the profession, and so, we are pleased to submit the above suggestions for their consideration.

The conference brought out quite clearly that accountancy does not stand in the same position as other professions with regard to licensing. We believe that only those qualified by a state-board examination should be permitted to practise as public accountants, and that there is a great public need for such legislation.

We recognize that a sizable group, many of whom are quite qualified, are now practising accounting, have passed no such state-board examination and that the licensing of only certified public accountants might work as an unfair hardship on that group. We do not agree, however, that such group should be licensed without having passed qualified examinations to indicate their fitness for the task. The solution we should favor would be to permit those who can establish that they have been employed in the public practice of accounting to take the certified public accountant's examination within a stated period without requiring of them the customary academic requirements and that thereafter only those who can meet and have met the al-

ready high qualifications of the Board of Regents be permitted to practise.

In this regard, it would be necessary to define the word "practice." A senior accountant directly in charge of an engagement, it seems to us, is practising even though he does so as an employee of an accounting firm. In our opinion his position is no different than if he were engaged in the practice of accounting on his own behalf.

The licensing of accountants will give the Grievance Committee sufficient power to regulate the profession and to maintain its integrity and worth to the community that it serves.

There is no intent in this report by us to lessen the importance of accountancy. On the contrary, we realize its need by businessmen more clearly than do most others. We know that it can serve a function to our economic life such as no other profession can or does. It has the power to lift the commercial enterprises of the nation to a high ethical level. In that respect, while criticizing its conduct in the past, we offer our praise for what the accounting profession has already accomplished, and we look forward to the improvements that it should and no doubt will make in its procedure and conduct.

Institute Reply

On February 3rd, the secretary of the Institute, at the direction of the executive committee, dispatched the following reply to Attorney General Bennett:

Dear Sir:

The executive committee of the American Institute of Accountants has read with much interest the report submitted to you under date of January 17th, by Assistant Attorneys General McCall and Furman. This report outlines the conference on accounting practice and procedure held January 6, 1939, on your invitation, at which the American Institute of Accountants, together with the New York State

Society of Certified Public Accountants, presented a fairly complete statement on the questions you had raised.

We should like to point out that numerous special committees of the American Institute of Accountants and the New York State Society of Certified Public Accountants have already been appointed and are now studying many of the questions dealt with in the report by Messrs. McCall and Furman, as well as numerous other questions upon which they have not touched. The Institute is sending a questionnaire to its more than five thousand members to elicit their views for the assistance of the committees. The New York State Society, we understand, is holding hearings at which its members may express to the several committees their opinions on the subjects under consideration.

While the tone of the report is generally constructive, there are a number of passages with which we do not concur. In view of the complexity of the subjects involved, however, and the fact that official committees are presently studying them, we feel it necessary to withhold any further comment until the recommendations of these committees shall be available.

We thank you again for your invitation to be present at the meeting on January 6th, and assure you again that the Institute stands ready to cooperate with you in any practicable way.

Yours faithfully,

JOHN L. CAREY,
Secretary.

Proceedings and Report Available

The proceedings of the conference on accounting practice and procedure held by Attorney General Bennett and the report of Assistant Attorneys General McCall and Furman have been printed in a single volume and have been made available at \$1.50 a copy by the Grosby Press, Inc., 30 Ferry Street, New York, N. Y.

Secretary's Address at Pittsburgh

Before about one hundred members of the Pittsburgh Chapter of the Pennsylvania Institute of Certified Public Accountants and nine successful candidates at the fall examinations, who were to be awarded their C.P.A. certificates, the secretary of the American Institute of Accountants on January 27th spoke on the activities of the Institute and particularly its position and public pronouncements relating to the McKesson & Robbins case.

Frank Wilbur Main was toastmaster at the meeting and he was introduced by Robert M. Griffiths, chairman of the Pittsburgh chapter. Mr. Main introduced several past presidents and other prominent members of the chapter, and then called on Harry Ness, president of the Pennsylvania Institute of Certified Public Accountants, who spoke on the problems facing the profession in Pennsylvania.

Adrian F. Sanderbeck, chairman of the Pennsylvania State Board for the Examination of Public Accountants, also delivered an address and then presented certificates to the nine successful candidates.

In the course of his remarks on the attitude of the Institute toward the recent wave of publicity relating to accounting and auditing, the secretary of the Institute said:

"For the first time accounting and auditing is news. For more than a month there has not been a day in which newspapers and financial and business magazines have not devoted attention to some aspect of accounting.

"One might expect that accountants, who are accustomed to relative obscurity in the public press, would have been panic-stricken or stampeded by the sudden outburst of criticism and question. It is to the credit of certified public accountants, with few exceptions, that they have kept their heads,

have reserved judgment until they could know all the facts, and have refused to be put on the defensive until someone could bring forward proof that their professional procedures and professional standards have been faulty.

"It should be remembered that this is not the first case in which reputable certified public accountants have been accused of having certified accounts which contained essential misstatements. There are several cases with which most accountants are familiar, in which auditing firms, large and small, have been deceived by fraud and forgery. The present case, however, is the first one which, because of the magnitude of the sums involved and the extraordinarily dramatic circumstances, has captured the headlines and the editorial pages in all parts of the country.

"This case is distinguished from all others by the publicity which it has attracted. It is the publicity which makes it a matter of major concern to the accounting profession as a whole, because the publicity has reached the public at large, and the public reaction has surprised many accountants. We find that the public has believed that the certified public accountant was an infallible superman; that the signature of a C.P.A. invariably meant that everything was perfect; that it was unnecessary to read the accountant's certificate or the financial statements to which it was appended as long as the three magic letters were in evidence.

"Some accountants have long suspected this public conception, and have realized that it was dangerous. Whether through its own fault or not, the accountancy profession seems to have been oversold. Its limitations have been overlooked, while its abilities have been emphasized.

"Now the public has been somewhat shocked to find that even auditors can be fooled by clever criminals. The new public attitude manifests itself in a suspicious curiosity about everything related to the profession's methods and standards. This is not an unfortunate

thing. Never before has the public been particularly anxious to find out about accounting and accountants. The profession has worked hard to improve its methods and standards, and it now has a pretty good story to tell. The opportunity to tell it to an attentive public should be welcomed.

"The profession's story can be told without apologizing; without justifying. The reasons for present methods and procedures can be explained straightforwardly, while making it quite clear that the profession is ready to improve and strengthen its methods in every practicable way. At a time like this, public support can be found for every constructive proposal, whereas in the past there has been widespread apathy toward the problems of the young profession of accountancy.

"All this is general comment. There are two specific questions in the minds of accountants to which immediate answers are desired.

"The first question is, just what happened in the McKesson & Robbins case? For obvious reasons I am unable to discuss this question. No one is now able to say whether or not the audit of the company was in accordance with accepted accounting procedure. The Securities and Exchange Commission is holding hearings in New York, designed to discover the answer to that question. Until the Commission's conclusions have been published, it would be inappropriate for the professional societies to express theirs. Civil suits have also been instituted, and while the case is *sub judice*, a professional society cannot properly act. At the present time, therefore, all I can say is that the American Institute of Accountants plans to send to its members, as soon as it can properly be done, a brief summary of the essential facts.

"The second specific question is, what has been done and what can be done to protect the profession as a whole against unfavorable effects which may arise from the widespread publicity?

"The case 'broke' early in Decem-

ber, but it was not until December 28th that the executive committee of the Institute could acquire sufficient trustworthy information to warrant any public statement. At a meeting on that day a simple and straightforward announcement was released. . . .

"The major purposes of this statement were to inform the public that there was an organized profession which recognized a responsibility in the matter, that this profession had not neglected its responsibility in the past to set up standards of procedure, and to inform the public what those standards were; that, on the other hand, it was entirely willing to review those standards and to strengthen them in accordance with any practicable suggestion; that standards built up as a result of careful thought and long experience should not be thrown out the window because one exceptional and extraordinary case had indicated that they were less than perfect.

"This statement by the executive committee was criticized by some members on the ground that it was a defense of the particular members of the Institute concerned in this case. These critics read something into the statement which is not there. Every line of it is the truth, and in the long run no group and no individual will suffer by stating the truth frankly, even though some people don't want to hear it.

"To me, it is unthinkable that in weeks of public discussion about accounting and accountants the Institute should remain silent. It would have been inexcusable weakness in my opinion if the national professional organization had failed to make some statement of its position in a matter of such importance to the public.

"Early in January the president of the Institute appointed a special committee . . . to keep careful watch of developments of importance related to the profession arising from the McKesson & Robbins case, and empowered that committee to appear at a public hearing and to discuss with other

interested groups the matters which required discussion. The New York State Society appointed a similar committee of three, and from the first the two groups have worked closely together. One of the first acts of the special committees was to seek a conference with the chairman of the Securities and Exchange Commission and some of his associates. The meeting was held at Washington on January 4th. The discussion was unquestionably of great value. The accountants' committees made it clear that the Commission would have full coöperation of the profession in its announced intention to study commonly accepted standards of auditing and accounting procedure to determine whether or not improvements should be recommended. As a direct result of that offer, the Institute was invited to suggest three witnesses to testify as experts at the S.E.C. hearings held in New York. Those selected for this purpose represent a good cross-section of the profession's views, and they will render a great service both to the profession and to the Commission by their appearances.

"The accountants' committees also conferred with Senator O'Mahoney of Wyoming, who is chairman of the Temporary National Economic Committee, and one of the sponsors of a federal corporation-licensing law. An exchange of views occurred at this conference which was mutually helpful and resulted in an invitation from the Senator for suggestions relating to methods of appointment of auditors by corporations.

"In the meantime, the Attorney General of the State of New York had invited the Institute and the New York State Society, as well as representatives of the New York Stock Exchange, New York Credit Men's Association, and other groups, to attend a public meeting at which there might be a discussion of ways and means of improving accounting and auditing procedure. The Institute and the New York State Society prepared a joint statement, which

was read at the meeting, and was published in full in *THE CERTIFIED PUBLIC ACCOUNTANT* for January 15th.

"In addition, the secretary and assistant secretary of the Institute, with the approval of the special committee, have discussed these and other broad questions informally with members of organizations representing management, bankers and credit men; with newspaper reporters and magazine editors, and numerous other persons. At our suggestion the chairman of the Natural Business Year Council has issued a news release emphasizing the importance of adoption of natural business years in facilitating effective auditing.

"As a result of the Attorney General's meeting, a special report has been released by his office in which a number of suggestions are set forth. (The text of this report is published elsewhere in this bulletin.)

"Among other important echoes of the case are a speech by the chairman of the Securities and Exchange Commission on the responsibility of directors, in which he recommends the use of professionally paid directors in public companies; proposed studies of corporate management and financial practices by important organizations representing business, and numerous efforts by individual companies voluntarily to improve their management, financial, accounting, and auditing procedure.

"Election of independent auditors by stockholders and the selection of directors' 'committee on audit' by boards of directors of companies may be related major management procedure changes resulting from current discussions.

"The duties of committees on audit named by directors would be two-fold. One duty would be to work in coöperation through each business year with independent public accountants conducting audits of a corporation's accounts. The other duty would be to keep in close touch with company operations and in turn to keep the full boards informed of those operations.

"The 'committee on audit' plan and the proposal calling for election of independent auditors by stockholders need not be discussed as separate or alternate plans. As a matter of fact, they are so closely related as actually to form two parts of one general plan. This would call for the election of auditors by the shareholders, and simultaneous appointment of the directors' 'committee on audit.' Since both the auditors and the directors would be chosen by ballots of the stockholders, their close coöperation in connection with audits of the company would be natural.

"One good effect of such a plan would be the appointment of independent auditors at the beginning rather than the end of the year whose transactions were to be reviewed.

"If auditors had access to the books of a company throughout each year and had the further advantage of close co-operation from a directors' committee, the change would be a sound one.

"Another important development growing from the case is wider interest in and discussion of the natural business year as the basis of corporation accounting. . . .

"The Institute's promise to review present audit procedure and endeavor to suggest improvements will be kept as quickly as possible. The record of the S.E.C. hearing, and other data now being gathered, will be helpful in this study.

"The accountancy profession, in my view, has the best opportunity in its history to bring about changes which it may desire with the full support of clients, of the government, and of the public. If frankness and sincerity underlie everything we do in this situation, I cannot believe that the profession will not benefit by all this discussion. If a substantial number of accountants permit themselves to be influenced by selfish motives, by jealousy, by insincere desires to appear favorably in the public eye, it may be unfortunate for all concerned.

"The profession may congratulate itself on the fact that it is well organized. It can present a united front. It has the machinery through which constructive work may be performed rapidly and effectively. It has a fundamentally good reputation which will survive the swing of the pendulum."



Institute Yearbook

The 1938 *Yearbook* of the American Institute of Accountants made its appearance early this month. The new volume, 407 pages in length, contains several innovations. The proceedings of the annual meeting, reports of officers and committees, and other reading matter is placed ahead of the membership lists, which are used largely for reference purposes. A new double-column format has been adopted for the membership lists, effecting a substantial saving in space without diminishing their usefulness. In addition, the geographical list this year is classified by states and cities.

Analysis of Institute Membership

Analysis of the membership records and other information in the files of the Institute shows that there are approximately 17,677 certified public accountants in the United States, of whom 4,966, or 28 per cent, are members of the Institute. The membership has been classified as follows:

Classification		%
Public Accounting Practitioners:		
Partners	1,813	
Sole Proprietors	1,337	
Employees	1,048	
	4,198	82.3
Employees of Private Corporations	521	10.2
Government Employees	146	2.9
University Instructors and Officers	79	1.5
Unclassified	159	3.1
	5,103	100.0

The membership includes 19 women, of whom 6 are associates.

The council of the Institute (39 members, including elected officers) consists of members from 23 states and the District of Columbia.

Of the 191 members of state accountancy boards who are certified public accountants, 157 are members of the Institute.

Conference on Financial Management

The annual conference on financial management of the American Management Association was held January 25th and 26th at the Hotel Pennsylvania, New York, under the auspices of the Association's division of finance and accounts. At the opening session Jules I. Bogen, editor of the *New York Journal of Commerce*, presented a paper entitled "An Objective Appraisal of the Independent Audit." George Cochrane, of New York, member of council of the American Institute of Accountants, discussed Mr. Bogen's paper.

The remainder of the program was as follows:

January 25th

"Measures of Financial Health,"

Roy A. Foulke, manager, analytical report department, Dun & Bradstreet, Inc.

"Returns Made by Business to the Federal Government," Stuart A. Rice, chairman of U. S. Central Statistical Board.

"Fundamental Considerations in Determining a Sound Depreciation and Obsolescence Policy," Bleecker L. Wheeler.

"Which Method for Accumulating the Depreciation Reserve?" Wyman P. Fiske, associate professor of accounting, Massachusetts Institute of Technology.

"Liquidity of Depreciation Reserves," Roscoe Seybold, vice president and comptroller, Westinghouse Electric and Manufacturing Company.

"What Effect Has 'Condition' on the Depreciation Rate?" Edward J. Cheney, engineer.

January 26

"Taxation and Enterprise—an Exposition of Fundamentals," Paul

Studenski, professor of economics, New York University.

"The Implications in 1939 Tax Legislation," Randolph Paul, of Lord, Day & Lord.

"Financial Rearmament," Murray Shields, economist, Irving Trust Company.

"Interstate and Intrastate Commerce Today—the Modern Concept and Legal Status," Arthur A. Ballantine, Root, Clark, Buckner & Ballantine.

"Recent Federal Tax Decisions of Vital Interest to the Financial Officer," Leslie Mills, C.P.A.

"Recent State Tax Decisions of Vital Interest to the Financial Officer," Victor H. Stempf, C.P.A.

By-laws

The mail ballot which was issued to the membership on November 15, 1938, for a vote on a proposed amendment to the by-laws changing the committee on membership from a special committee to a standing committee has failed to pass. Of the 4,102 members entitled to vote, 1,442 voted in the affirmative and five in the negative. Affirmative votes of a majority of the members entitled to vote was necessary for adoption of the amendment. The proposal may be considered later.

Scholarship Award

The Tulsa Chapter of the Oklahoma Society of Certified Public Accountants will award a \$300 scholarship at the Oklahoma School of Accountancy, Law, and Finance to the young man who, in their opinion, is most deserving. The scholarship will embrace all subjects in the course offered by the school, but will not include textbooks. Applicants must have a high-school education, or the equivalent, and will be required to write a brief essay on the subject, "Why I Would Choose the Profession of Accounting as a Career."

John L. Daniel

John L. Daniel, of Tulsa, Okla., died on December 11th. He was born in Ackerman, Miss., in 1898 and was graduated from the Ackerman High School. He attended Southwestern Presbyterian University, Memphis, Tenn., but left to enlist in the army. Mr. Daniel had a number of years of accounting experience with oil companies, including work in Mexico and Argentina. He had been engaged in public accounting practice since 1926, and at the time of his death he was a partner in the firm of John L. Daniel and Company. Mr. Daniel was a certified public accountant of Oklahoma and had been a member of the American Institute of Accountants since 1933.

Edward A. McAllister

Edward A. McAllister, of Brooklyn, N. Y., died on December 15th. He was born November 22, 1881, in Boston, Mass. Mr. McAllister received the LL.B. degree from Fordham Law School and was associated with the law firm of Coudert Brothers for a number of years. His accounting experience included several years' association with Arthur Young & Co. Mr. McAllister was a certified public accountant of New York and a member of the New York State Society of Certified Public Accountants. He had been a member of the American Institute of Accountants since 1914. At the time of his death Mr. McAllister was a tax specialist and counselor-at-law.

John R. Moull

The Institute has just received notice of the death last July of John R. Moull, of Bloomfield, N. J. Mr. Moull was a certified public accountant of

New York and had been a member of the New York State Society of Certified Public Accountants since 1909, and of the American Institute of Accountants since 1914. At the time of his death he was practising under his own name.

Jeremiah W. Robinson

Jeremiah W. Robinson, of Boise, Idaho, died on January 13th, at the age of 78. He was born in 1860 in McLean County, Ky., but had resided in Boise since 1890, serving as mayor of that city from 1915 to 1916. Mr. Robinson received the degree of B.S. from the National Normal University, Lebanon, Ohio. He had been in public accounting practice in Boise since 1912 and was a certified public accountant of Idaho. Mr. Robinson had been a member of the American Institute of Accountants since 1922. He served as secretary of the Idaho Bankers Association for eleven years. At the time of his death Mr. Robinson was secretary of the Idaho Society of Certified Public Accountants and president of the State Board of Examiners of Certified Public Accountants.

Charles H. Schoolar

Charles H. Schoolar, of Dallas, Texas, died on December 13th. He was born in 1872 at Columbus, Miss., and was educated in public and private schools of that city. Mr. Schoolar was with the Sloss-Sheffield Steel & Iron Co., Birmingham, Ala., from 1890 to 1904, serving as clerk and ultimately as general auditor. He began practising accountancy in Dallas in 1905. He was a certified public accountant of Texas and a member of the Texas Society of Certified Public Accountants. Mr. Schoolar had been a member of the American Institute of Accountants

since 1924, serving on the committee on publication, the special committee on development of the Institute, and the special committee on coöperation with state securities commissioners. At the time of his death Mr. Schoolar was a partner in Schoolar, Bird & Co., whose accounting department he had founded.

Fred A. Suter

Fred A. Suter, of Oak Park, Ill., died on January 11th at the age of 63. Mr. Suter's thirty years of accounting experience included association with C. A. Pfeiffer & Co. and McPherson, Bonthron & Co., of Detroit, Mich., and Arthur Young & Co. and Haskins & Sells, of Chicago, Ill. He was treasurer of the *New York Herald Tribune* for several years. Mr. Suter was a certified public accountant of Michigan and a charter member of the American Institute of Accountants. Because of poor health, Mr. Suter withdrew from active work about six years ago.

George Rae Webster

George Rae Webster died in Paris, France, on December 1st. He was born in Dundee, Scotland, in 1875 and received his education there. After admission to the Glasgow Institute of Accountants in 1896, Mr. Webster entered the office of Lindsay, Jamieson & Haldane, Edinburgh. He became a Fellow of the Faculty of Actuaries. In 1897, he joined the New York office of Price, Waterhouse & Co., and was admitted to partnership in 1906. When, in 1923, Mr. Webster retired because of ill health, he was one of the senior partners of Price, Waterhouse & Co. He was a certified public accountant of Illinois and Pennsylvania, and had been a member of the American Institute of Accountants and its predecessor organizations since 1905.

State Accountancy Legislation

Report of Bills in Progress

ARIZONA

On January 10th, House bill 28, amending the accountancy law, was introduced in the Arizona legislature. A companion bill, Senate bill 50, was introduced in the Senate on January 16th.

This bill is designed to strengthen the present two-class restrictive accountancy law and has the sponsorship of the Arizona State Society of Public Accountants. Like the present law, the bill proposes that a C.P.A. certificate shall be issued without examination to any person who "has for a continuous period of ten years immediately following the issuance to him of a certificate of authority to practise as a public accountant actively been engaged in practice as a public accountant."

The bill also provides for annual registration of certified public accountants and public accountants.

Certified public accountants from other states will be required to file with the board and pay a registration fee of \$25, for each temporary professional engagement performed within the state.

The bill is similar to one introduced in the 1937 session of the Arizona legislature.

CALIFORNIA

The following bills were introduced by title only in the California legislature:

Senate bill 198, an act to add to the business-and-professions code relating to accountancy, was introduced January 12th.

Assembly bill 1860, relating to the practice of accounting, was introduced January 24th and referred to the committee on governmental efficiency.

Assembly bill 1965, introduced January 25th, relating to powers of the board of accountancy, was referred to the committee on governmental efficiency.

Assembly bill 2100, relating to applicants for certificates as certified public accountants, introduced January 25th, was referred to the judiciary general committee.

COLORADO

A summary of the following bills introduced into the Colorado legislature will be given in a subsequent issue of **THE CERTIFIED PUBLIC ACCOUNTANT**:

Senate bill 289, relating to public accounting and amending article 8, chapter 153, of the statutes of 1935, was introduced January 17th and referred to the judiciary committee.

Senate bill 141, an act relating to accountancy, was introduced January 13th and referred to the committee on finance.

Senate bill 486, an act to specify the qualifications of certified public accountants and registered accountants; to regulate the services performed and the reports issued by them, etc., was introduced on January 18th and referred to the state affairs and public lands committee.

House bill 1009, a bill for an act relating to public accounting and to amend article 8, chapter 153, of the 1935 Colorado statutes, was introduced January 18th and referred to the state affairs and reapportionment committee.

House bill 1021, which would amend section 11, chapter 76 of the 1937 session laws, relating to qualifications of certified public accountants and registered accountants, was introduced January 18th and referred to the Denver city affairs committee.

House bill 1059, relating to public accounting and amending article 8 of chapter 153 of the 1935 statutes, was introduced January 18th and referred to the state affairs committee.

House bill 1096, an act concerning the practice of accountancy and powers of the state board of accountancy, and amending section 17 of chapter 76,

1937 session laws, was introduced January 18th and referred to state affairs committee.

Undoubtedly some of the house bills are companion bills to those introduced in the Senate. Positive identification must be deferred until copies of the bills are received.

CONNECTICUT

Senate bill 813, providing for checking of inventories by accountants making audits, was introduced into the legislature by title only, January 20th, and referred to the judiciary committee.

Senate bill 466, concerning the practice of public accountants, was introduced January 19th and referred to the judiciary committee. Copies of the bill have not been received by the Institute.

Senate bill 305, providing for establishment of a department of professional and vocational licensing which shall include all the present twenty-one examining and licensing boards of the state, was introduced January 18th, and referred to the reorganization committee.

IDAHO

Senate bill 83, prescribing educational experience requirements for certified public accountants, was introduced in the Idaho legislature, January 31st. This bill will be summarized in a subsequent issue of **THE CERTIFIED PUBLIC ACCOUNTANT**.

MARYLAND

House bill 15, creating a department of professional and vocational licensing, defining its powers and duties and assigning to it exclusive charge and responsibility for clerical, secretarial and financial duties of the several professional and vocational licensing boards as now established, was introduced January 17th, in the Maryland legislature, and referred to the ways and means committee.

A companion bill, Senate bill 12, was introduced on the same day.

MASSACHUSETTS

House bill 1775 would make certain communications with and information obtained by certified public accountants inadmissible in evidence. This bill, which will later be summarized, was introduced January 27th and referred to the joint judiciary committee.

NEW YORK

Senate bill 228, introduced January 20th, by Senator McCall, is a two-class restrictive bill, which would permit persons employed in the following occupations prior to enactment of the law, to apply for registration as public accountants:

"A public practitioner of accountancy, either on his own account or as a member of a partnership or as a principal officer or manager of a corporation heretofore incorporated to engage in the public practice of accountancy . . . (1) as an employee in responsible charge of public accountancy engagements, or (2) as an auditor or examiner of accounts in the federal, state or municipal service, or (3) as a teacher of accountancy in a college or school officially recognized as maintaining a satisfactory standard, or (4) as an accounting executive or comptroller of an extensive business or enterprise."

The bill would also establish a public accountants grievance committee, the duties and powers of which would be similar to the grievance committee concerned with certified public accountants under the present law. This bill is similar to bills which the New York State Society of Certified Public Accountants has opposed in the past.

Senate bill 180, introduced January 18th, referred to the committee on education, provides that any person practising a profession without a license and registration, when required, may be restrained from so practising by permanent injunction.

Assembly bill 801, introduced Febru-

ary 2nd, referred to the committee on education, prohibits issuance of license or certificate for practice of certain professions or occupations, to persons other than citizens of the United States and provides for termination of licenses heretofore issued to persons who declared intention of becoming citizens, but failed to do so.

SOUTH DAKOTA

House bill 79, introduced January 26th and referred to the judiciary committee, creates a board of accountancy and regulates the practice of accountancy in South Dakota. A summary of this bill will be given in a subsequent issue of THE CERTIFIED PUBLIC ACCOUNTANT.

Chapter Birthday Celebration

The Rochester Chapter of the New York State Society of C.P.A.'s recently celebrated its fifth birthday at the University Club in its home city. Special events of the evening included a birthday cake with candles and a musical program presented by members of the chapter. Wentworth F. Gantt, assistant to the president of the New York State Society, spoke briefly on several matters of importance to the chapter.

The chapter was organized November 16, 1933. The present membership is twenty-four, and officers for the current year are: Ralph S. Good, president; Robert T. Morrow, vice-president; T. Harlow Andrews, secretary; and Herman A. Miller, treasurer.

Regular activities of the chapter consist of:

- (a) Monthly dinner meetings with the presentation of a paper on some accounting subject, also general discussion and business.
- (b) Noon-day round-table forums each Monday with a twenty-minute talk by one of the members, followed by a question period.
- (c) Participation in the annual regional chapter conference.

Other activities have included picnics and special joint meetings with businessmen or other organizations of the community.

Special Committee on Allocation of Income

Certain changes have been made in the personnel of the special committee on allocation of income, as announced in THE CERTIFIED PUBLIC ACCOUNTANT for December. Following is the present membership of the committee:

G. Charles Hurdman, *chairman*, New York
 William L. Ashbaugh, New York
 Norman G. Chambers, New York
 I. H. Krekstein, Pennsylvania
 Sidney W. Peloubet, New York
 Edwin E. Wakefield, Massachusetts

Public Service

The Denver Chamber of Commerce has for the past seven years undertaken a detailed study of the budget of the city and county of Denver in advance of its adoption by the council. The work involves a large amount of study and analysis and is reported to have been very effective in maintaining economical operation as well as gaining acceptance of the budget by taxpayers, especially among businessmen. Ralph B. Mayo, of Denver, has been chairman of this committee during all the seven years, and John G. Larson, Harry W. Nelson, and Julius von Tobel, all of Denver, served in the study of the 1939 budget. All are members of the American Institute of Accountants.

Announcements

The M. E. Brooks Company, of Dubuque, Iowa, announce the admission of Waldo E. Brooks and Clement D. O'Connor as members of the firm.

Willis H. Brown announces the opening of an office in Room 406, Edison Office Bldg., 317 West Main St., Alhambra, Calif.

Francis P. Farquhar and Clifford V. Heimbucher announce the formation of a copartnership as Farquhar & Heimbucher, with offices at 220 Bush St., San Francisco, Calif.

John I. Foster announces the opening of offices at suite 438-40 Volunteer State Life Bldg., Chattanooga, Tenn., in association with Clifford D. Buffon and Associates.

Howard C. Greer, of Chicago, Ill., has resigned as director of the Institute of American Meat Packers' department of organization and accounting, and department of marketing, to become vice-president of Kingan and Company, Indianapolis, Ind. Mr. Greer had been with the Institute of American Meat Packers since 1927.

Harry A. Hathaway announces the removal of his office to 155 West Congress St., suite 504-506, Detroit, Mich.

Herbert R. Hemming, of Philadelphia, Pa., is now associated with Charles S. Rockey & Co., 1200 Bankers Securities Bldg., Philadelphia, Pa.

P. Frederick Jurgs, Edward J. Murray, and Seth A. Densmore announce that the general accounting practice heretofore conducted as Francis C. Derby Company will be continued under the firm name of Jurgs, Murray & Densmore, with offices at 135 College St., Burlington, Vt.

Ray C. Lynn announces the dissolution of the partnership of MaDan and Lynn,

and the removal of his office to 433 Mutual Bldg., Lansing, Mich.

F. G. Masquette & Company, of Houston, Texas, announce the admission of Edwin L. Bruhl and Arthur H. Stevens as general partners of the firm.

Joseph J. Pugh announces the opening of an office at 225 Fidelity-Philadelphia Trust Bldg., Philadelphia, Pa.

Samuel Barclay Reiner announces the removal of his office to 225 West 34th St., New York, N. Y.

Reginald Thomas announces the opening of an office in the Bank of Commerce Bldg., 1540 San Pablo Ave., Oakland, Calif.

Joseph P. Walsh announces the removal of his office to 55 Liberty St., New York, N. Y.

West, Flint & Co. announce the admission to partnership of John West Boulter and Frederick William Lyon.

Wiley, Block and White announce that John Mikulik has become associated with the firm as resident manager in Clifton, N. J., with offices at 51 Harding Ave.

Spaulding F. Glass, of Chicago, Ill., is the author of an article entitled, "Excess Profit on War Materials under the Vinson Act," which appeared in the October, 1938, issue of *Marine Engineering and Shipping Review*.

At the annual meeting of the American Statistical Association held at Boston December 27-30, 1938, Gabriel A. D. Preinreich, a member of the American Institute of Accountants, presented discussion of a paper by Alfred J. Lotka on the subject, "Mathematical Analysis Applied to Problems of Industrial Renewal."

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of The American Institute of Accountants

MARCH 1939

VOL. 19 • No. 3

Examinations

Research Department

Spring Meeting of Council

Regional Meetings

Consideration of Auditing Procedure

State Accountancy Legislation

Announcements

15¢ a Copy

Published Monthly

\$1 a Year



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Officers 1938-1939

THE AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

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THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of The American Institute of Accountants

Research Department

THE executive committee of the Institute, after discussion extending over several years, has announced the establishment of a research department which will work under a program laid down by the committee on accounting procedure. This committee at the beginning of the current year was enlarged to include twenty-one members from all parts of the country, representing firms of various sizes, as well as teachers of accounting. The president of the Institute has become chairman of the committee.

At the Cincinnati meeting last September the council instructed the committee on accounting procedure to suggest a plan for the establishment of a permanent research staff. The committee on accounting procedure met on January 10th, with a majority of its members present, and recommended to the executive committee a plan which has now been adopted.

Thomas H. Sanders, professor of accounting at the Harvard Graduate School of Business Administration, will act as director and coordinator of research, and will devote a part of his time, perhaps half, to the organization and supervision of the department and to carrying out the research program laid down by the committee. It is expected that two research assistants with necessary stenographic and clerical aid will be employed on a full-time basis. Subcommittees of the committee on accounting procedure will be created to deal with particular topics. They will be expected to avail themselves of advice and opinions from a great many sources, including individual accountants, accounting firms, and teachers of accounting.

It has been stipulated that all subjects will be considered in the light of problems peculiar to small, closely held corporations, as well as to companies whose securities are widely distributed, which are therefore listed on exchanges and require registration with the Securities and Exchange Commission.

The immediate effort of the committee will be to make pronouncements on technical questions which seem to require prompt attention. The long-range effort, however, will be to develop a coordinated body of accounting principles or procedures which may be

accepted as a basis for the practice of Institute members. Each individual pronouncement will be accompanied by a statement of the reasoning underlying the conclusion. No pronouncement will be issued without approval of a majority of the committee on accounting procedure.

A letter is being sent to members and associates of the Institute requesting contributions toward the fund necessary to initiate the research department and maintain it through the next fiscal year ending August 31, 1940. The current year's funds are entirely appropriated otherwise, and next year's budget will not be able to absorb as much additional expense as the research department will involve, but obviously it is expected that the new department will be supported as soon as possible from the general fund of the Institute.

Editorial comment on this new venture appears in the March issue of *The Journal of Accountancy*.

The American Institute of Accountants

Spring Meeting of Council

The executive committee of The American Institute of Accountants has issued notices of the spring meeting of council, to be held at the Waldorf-Astoria Hotel, New York, N. Y., on May 8th and 9th. In view of the opening of the New York World's Fair on May 1st, it was felt that the out-of-town members of council would prefer to come to New York in May rather than in April, as is customary. All members of the Advisory Council of State Society Presidents have been invited to attend the meeting.

Review of "Examination of Financial Statements"

A special committee has been appointed by the president, under authority of the executive committee, to review the Institute pamphlet, *Examination of Financial Statements by Independent Public Accountants*, in the light of recent public discussion of auditing procedure, and to recommend any changes which may seem desirable. The personnel of the committee is as follows:

Samuel J. Broad, New York, *chairman*

George Cochrane, New York

George P. Ellis, Illinois

Paul K. Knight, New York

Edward A. Kracke, New York

Norman J. Lenhart, New York

Ralph B. Mayo, Colorado

Norman L. McLaren, California

Charles F. Rittenhouse, Massachusetts

Examinations

The regular spring examinations of state boards of accountancy which adopt the examinations of The American Institute of Accountants will be held on May 11th and 12th. Further details will be published in the April issue of this bulletin.

S.E.C. Official Addresses Philadelphia Chapter

William W. Wertz, chief accountant of the Securities and Exchange Commission, addressed the Philadelphia Chapter of the Pennsylvania Institute of Certified Public Accountants at a meeting on February 20th at the Penn Athletic Club. The title of Mr. Wertz's address was "Some Problems as to Parent Companies."

John L. Carey, secretary of The American Institute of Accountants, was introduced and spoke briefly about the current activities of the national organization, particularly the imminent establishment of a research department, with the assistance of which the committee on accounting procedure plans to issue pronouncements on accounting principles.

Adrian F. Sanderbeck, chairman of the Pennsylvania State Board for the Examination of Public Accountants, presented certificates to successful candidates at the November, 1938, certified-public-accountant examinations. C. Whitford McDowell, chairman of the Philadelphia chapter, presided. About two hundred members and guests were present.

S.E.C. Hearings on Auditing Procedure

Testimony before the Securities and Exchange Commission as part of its inquiry into audit procedure related to the McKesson & Robbins case is expected to continue until about March 15th. On February 20th the Commission began questioning the first of ten or eleven expert witnesses, most of whom are practising certified public accountants.

A day is being devoted to each of the experts and the record, when completed, will constitute a compendium of individual opinions on numerous questions of accounting procedure. It is the intention of *The Journal of Accountancy* to publish in its April issue, and perhaps in subsequent issues, excerpts from the testimony dealing with some of the questions under consideration.

Regional Meetings

Plans are under way for three regional conferences and one accounting institute which will be sponsored by state societies of certified public accountants and held with the coöperation of The American Institute of Accountants. In all, eighteen state societies will take part.

On May 12th and 13th next, the Indiana Association of Certified Public Accountants and Butler University will coöperate in holding an Accounting Institute on the Butler campus in Indianapolis. May 19th and 20th are the dates set for the Eastern Four-States Accounting Conference to be held at the Hotel Claridge in Atlantic City, N. J., by the state societies of New York, New Jersey, and Connecticut and the Pennsylvania Institute of Certified Public Accountants.

On June 1st and 2nd, the Central

States Accounting Conference will be held in Des Moines, Iowa, with the state societies in that state and in Illinois, Wisconsin, Missouri, South Dakota, Kansas, Nebraska, and Minnesota coöperating. Later in June, the Middle Atlantic States Accounting Conference will be held in Richmond, with the Virginia, Maryland, District of Columbia, West Virginia, and North Carolina state societies acting as sponsors.

Speakers at the coming Accounting Institute at Butler University will include Lewis Ashman, C.P.A., of Chicago, a vice-president of the American Institute of Accountants; Dean Henry T. Chamberlain of the School of Business Administration, Loyola University, Chicago; President O. C. Herdrich of the Indiana Association of Certified Public Accountants; Edward B. Wilcox, president of the Illinois Society of Certified Public Accountants and chairman of the Advisory Council of State Society Presidents; Professor J. Brooks Heckert of Ohio State University; Professor Hiram T. Scovill of the University of Illinois; Maurice E. Peloubet, member of council of the American Institute of Accountants; Harold C. Anderson, of Washington, chairman of the American Institute special committee on social-security act, and John S. Lloyd, secretary of the Indiana Association.

Among the speakers at the Eastern Four-States Accounting Conference will be Willard Thorp of Washington, special assistant to the Secretary of Commerce; Henry H. Heimann, executive manager of the National Association of Credit Men; J. William Hope, past president of the Connecticut Society of Certified Public Accountants; President John A. Conlin of the New Jersey Society of Certified Public Accountants; President Harry Ness of the

Pennsylvania Institute of Certified Public Accountants; Victor H. Stempf, acting president of the New York State Society; and Guy Cambria, president of the Connecticut Society.

Fred J. Peterson of Des Moines is general chairman for the Central States Accounting Conference. He was chosen at a recent meeting of representatives of the coöperating societies held in Des Moines. The general chairman of arrangements for the Middle Atlantic States Accounting Conference is C. S. Goldston of Richmond, Va. A plans meeting for the conference will be held in Richmond this month.

Consideration of Auditing Procedure

A special committee of The American Institute of Accountants, appointed under authority of the executive committee to consider questions of auditing procedure and related questions which have been the subject of recent public discussion, sent to all members and associates of the Institute a questionnaire under date of February 15th, seeking opinions on twelve specific items. Scores of members have returned their questionnaires or have written letters submitting their views on the points under discussion, but the committee hopes that an even greater number will respond. The replies will be analyzed, and the analysis should present an interesting and valuable cross section of opinion on several problems of great importance to the profession.

In the meantime, the special committee addressed to all members of the Advisory Council of State Society Presidents an offer to coöperate with any state society which might be considering similar questions, and an invitation to submit opinions for the guidance of the Institute's committee.

Following is the personnel of the committee: P. W. R. Glover, *chairman*, George Cochrane, George P. Ellis, Stanley G. H. Fitch, J. K. Mathieson, Norman L. McLaren, Maurice E. Peloubet, Walter A. Staub, Victor H. Stempf, and C. Oliver Wellington.

Election of Members

In the absence of protest, the president has declared elected, as members and associates respectively, forty-nine applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot. Following are the new members and associates:

ADVANCED TO MEMBERSHIP

George N. Farrand, New York, N. Y.
Joseph B. Fyffe, Boston, Mass.
J. G. Griesbeck, Memphis, Tenn.
John F. Prescott, Raleigh, N. C.

ADMITTED AS MEMBERS

Ivan D. Allred, Wichita Falls, Texas
Alfred L. Amacher, Hillsboro, Ore.
Lawrence H. Baberick, Philadelphia, Pa.
Harold Benjamin, New York, N. Y.
Roger Boulogne, Paris, France
Donald G. Colquhoun, New York, N. Y.
Earl L. Cox, Philadelphia, Pa.
Michael J. Fitzgerald, Boston, Mass.
Stanley A. Frederick, Albany, N. Y.
James Wesley Huss, Jr., Rockford, Ill.
Joseph Jespersen, New York, N. Y.
Ulysses Jordan, Indianapolis, Ind.
George N. Kerby, Fort Worth, Texas
John Kunkel, New York, N. Y.
Theodore Lang, New York, N. Y.
Adlai R. Lewis, Boston, Mass.
Lloyd R. Marks, New Orleans, La.
Earl I. McArthur, Cincinnati, Ohio
Bernard Miller, Bayonne, N. J.
Durward F. Morgan, New York, N. Y.
Herman Nichols, New York, N. Y.
Stanley R. Price, South Bend, Ind.
Robert S. Prosser, Chicago, Ill.
Weston Rankin, New York, N. Y.

Arthur N. Raymond, New York, N. Y.
 James M. Reid, Indianapolis, Ind.
 Charles J. Ross, New York, N. Y.
 Judson L. Vosburg, Philadelphia, Pa.

ADMITTED AS ASSOCIATES

John J. Darby, New York, N. Y.
 Robert L. Dickson, New York, N. Y.
 Gordon Ford, Louisville, Ky.
 Henry J. Harder, New York, N. Y.
 Harry H. Hobbs, Yankton, S. D.
 Henry M. Kuhlman, New York, N. Y.
 Sherman L. Lewis, Cleveland, Ohio
 Reuben Moore, New Haven, Conn.
 Alexander E. Page, New York, N. Y.
 Ishmael Planck, Louisville, Ky.
 Donald H. Ridgway, New York, N. Y.
 William D. Selby, Louisville, Ky.
 Edward M. Stewart, Denver, Colo.
 Ronald W. Stewart, New York, N. Y.
 Jack E. Wert, Frankfort, Ky.
 Hartwell H. W. Wilkerson, St. Paul, Minn.
 David K. Wood, Tulsa, Okla.

Visitors at Institute Offices

The following visitors from out of town have called at the offices of the Institute in recent weeks:

George D. Bailey, Detroit, Mich.
 Parry Barnes, Kansas City, Mo.
 Andrew Barr, New Haven, Conn.
 Roland J. Christy, Philadelphia, Pa.
 Clem W. Collins, Denver, Colo.
 George P. Ellis, Chicago, Ill.
 Charles E. Fernald, Philadelphia, Pa.
 Chesley S. Goldston, Richmond, Va.
 T. Whitney Iszard, Elmira, N. Y.
 Arthur W. Johnson, Durham, N. H.
 Frank Wilbur Main, Pittsburgh, Pa.
 John A. McDonald, Detroit, Mich.
 William A. Paton, Ann Arbor, Mich.
 Hazen P. Philbrick, Boston, Mass.
 G. Harvey Porter, Baltimore, Md.
 Charles F. Rittenhouse, Boston, Mass.
 Durand W. Springer, Washington, D. C.
 Ralph L. Stauffer, Philadelphia, Pa.
 Homer N. Sweet, Boston, Mass.
 William E. Taylor, Washington, D. C.
 John H. Zebley, Jr., Philadelphia, Pa.

Beta Alpha Psi Notes

DELTA CHAPTER

On December 9th the chapter held a joint dinner meeting with practising accountants and attorneys at the Rainier Club. John L. Carey, secretary of the Institute, spoke on the desirability of close coöperation between accountants and lawyers.

On January 10th the chapter held a regular meeting at which Louis E. Smith, president of the Washington Society of Certified Public Accountants, was a guest speaker.

Gilbert Baker, secretary-treasurer of Delta Chapter for 1937-1938, passed the November Institute examination. He is now associated with the Seattle office of Price, Waterhouse & Company.

OMICRON CHAPTER

Professor Jacob B. Taylor, head of the accounting department, is away on leave of absence while serving as a member of Governor John W. Bricker's cabinet. Professor Taylor is director of the Ohio Department of Liquor Control. He is also a director of the Ohio Society of Certified Public Accountants and a member of The American Institute of Accountants.

During the winter quarter Ohio State University furnished twenty-eight men to firms of accountants and auditors in New York City, Newark, New Jersey, Cleveland and Cincinnati, Ohio, Detroit, Michigan, and Tulsa, Oklahoma. Most of these men were members of Beta Alpha Psi.

PI CHAPTER

On February 17th, Pi Chapter initiated as an honorary member Henry M. Kimpel, C.P.A. Mr. Kimpel is a member of the editing committee of the Manual of Cost Procedure of the National Machine Tool Builders. He is

also Ohio chairman of the Municipal Finance Officers' Association.

RHO CHAPTER

The following have spoken at meetings of Beta Alpha Psi this year:

Ashton Carhart, assistant cashier, First National Bank and Trust Company of Minneapolis, Minnesota, "What the Banker Expects of the Accountant."

H. O. Frohbach, assistant comptroller, General Mills, Inc., "The Avoidance of Fictitious Inventory Values."

A. B. Cummins, assistant professor, School of Business Administration and formerly with the United States Steel Company, "The Appraiser and the Accountant."

H. M. Temple, C.P.A., "The Public Accounting Profession — A Retrospective and Prospective Discussion."

One of the visitors at a meeting of Beta Alpha Psi was J. C. Lyman, chief of the distribution cost section of the Division of Market Research in the Bureau of Foreign and Domestic Commerce. He briefly outlined the work his department is doing.

Plans are being made to make a tour through a public accounting firm's office so that the students may get some idea of the nature of the routine.

All accounting students in the School of Business Administration have been urged to attend and participate in the activities of Beta Alpha Psi.

Appointment

William E. Taylor, a member of the special committee on governmental accounting of The American Institute of Accountants, has been appointed Assistant Controller of the Panama Canal. He has already taken up his duties. Mr. Taylor was with the Treasury Department before his Panama Canal appointment. His new address is Balboa Heights, Canal Zone.

Accountants and the I.C.C.

Identical bills, S.1310 and H.R. 4041, introduced in Congress on February 13th, would among other things make accountants along with banks, brokerage and investment banking firms, and others subject to the powers of the Interstate Commerce Commission to investigate matters related to transactions with railroad companies. The measure is sponsored in the Senate by Senator Wheeler, chairman of the committee on interstate commerce.

Wisconsin Reserve Fund for Unemployment

At a recent meeting of the Milwaukee Chapter of the Wisconsin Society of Certified Public Accountants Joseph Brauer read a paper on the subject "Shall or Shall Not the Wisconsin Reserve Fund for Unemployment be Capitalized?" Mr. Brauer reviewed the entire history of unemployment insurance, and pointed out that five other states are operating under a plan similar to that in effect in Wisconsin. Following the presentation of the paper, Mr. Brauer led a discussion of the method of handling the reserve fund in the balance-sheet.

"Municipal Audit Procedure"

The National Committee on Municipal Accounting has recently published a booklet entitled *Municipal Audit Procedure*, which is a revision of *Tentative Outline of a Suggested Procedure for a Detailed Municipal Audit*, published by the committee four years ago. The revision was accomplished under the general direction of F. H. Elwell, director of the School of Commerce, University of Wisconsin, and is offered as a guide in the audit of municipalities.

State Accountancy Legislation

Reports of Bills Pending

ARIZONA

Senate bill 50 reported in the February issue of THE CERTIFIED PUBLIC ACCOUNTANT was reported favorably to the Senate by the committee on methods of business. Companion bill H. 28 has been referred to the committee on accounting and business methods.

CALIFORNIA

Senate bill 198, a bill to add to the business and professions code relating to accounting, was approved by the governor, February 3rd. The new act provides for codification only and makes no material changes in the accountancy law.

Assembly bill 1965, reported last month by title only, is of the two-class restrictive type, providing that accountants practising at January 1, 1938, might apply for permits to continue practice as public accountants.

The California legislature recessed from January 25th to March 6th. Therefore no action has been taken on the other bills previously reported.

COLORADO

There has been no further action on the bills previously reported. They were introduced by title only and their texts will not be made available until the bills are reported from committees.

CONNECTICUT

Senate bill 813, providing that accountants "auditing the books of any corporation doing business in this state shall make at least a 10% check list of all physical inventories," was killed in the Senate March 3rd.

Senate bill 466, concerning the practice of public accountants, was killed in the Senate March 3rd.

No further action has been reported on Senate bill 305, providing for es-

tablishment of a department of professional and vocational licensing.

GEORGIA

House bill 484, amending title 84 and chapter 84-2 of the Georgia Code of 1933, to provide for the termination of the terms for present members of the board of accountancy, was introduced by title only, February 15th, and referred to the judiciary committee. On March 1st it was reported to the House favorably.

IDAHO

Senate bill 83, introduced in the legislature January 31st, raising the public experience requirements of applicants for the C.P.A. certificate and giving credit for college or university training, has been approved by the governor. The text of the amendment is as follows:

"AN ACT amending section 53-202, Idaho code annotated, relating to the qualifications of applicants for certified-public-accountant certificate, and providing for requirements as to experience and education of such applicants; and amending title 53, chapter 2, Idaho code annotated, by adding a new section to be known as section 53-205, I.C.A., and providing for recognition of a college or university degree held by applicants desiring to sit for examination.

"Be It Enacted by the Legislature of the state of Idaho:

"Section 1. That section 53-202, of the Idaho code annotated be and the same is hereby amended to read as follows:

"53-202. Certified public accountants; qualifications of applicants; issuance of certificates. An applicant for certificate under this chapter shall be a citizen of the United States, or a person who has declared his intention of becoming such citizen, residing in the

state of Idaho, over the age of twenty-one years, and of good moral character. He shall have a high-school education, or an education which, in the judgment of the department of law enforcement, is equivalent to that of a high-school graduate, and shall have had practical experience in accounting equivalent to any one of the following:

"1. Five years in a general accounting and/or auditing capacity in which applicant shall have had charge of general books of account and/or auditing and the preparation of financial statements.

"2. Four years as a public accountant practising on his own account.

"3. Three years engaged in accounting and/or auditing in the employ of a certified public accountant.

"Any equivalent combination of the above experience may be submitted under rules and regulations adopted by the department of law enforcement, provided that in all cases the last year of such experience shall have been in the state of Idaho. An applicant who shall submit satisfactory evidence showing that he holds a bachelor's degree with a major in accounting from a four-year degree-granting college or university shall be entitled to a credit of two years on any one, or any combination of the experience requirements above.

"An applicant, having passed the examination before the department of law enforcement, under its rules, with an average grade of not less than 75 per cent on each subject, shall be entitled to have issued to him a certificate of qualification to practise as a certified public accountant; and upon issuance and receipt of such certificate and during the period of its existence he shall be styled and known as a certified public accountant; and no other person shall be permitted to assume and use such title, or to use any words, letters, or figures to indicate that the person using the same is a certified public accountant.

"Section 2. That title 53, chapter 2,

of the Idaho code annotated be and the same is hereby amended by adding a new section to be known as section 53-205, to read as follows:

"Section 53-205. Credit for college or university training in accountancy. An applicant for certificate under this chapter who shall submit satisfactory evidence to the department of law enforcement showing that applicant holds a bachelor's degree with a major in accounting from a four-year, degree-granting college or university, and that applicant is and has been a legal resident of the state of Idaho for at least one year next preceding the date of application, may be permitted to sit for the examination conducted by the department of law enforcement without regard for the requirements as to practical experience contained in section 53-202, Idaho code annotated, as amended by this chapter; provided, that the applicant upon passing such examination shall not be entitled to receive a certificate to practise as a certified public accountant until such time as he shall have fulfilled the requirements as to practical experience contained in section 53-202, Idaho code annotated, as amended by this chapter."

Approved, February 21, 1939.

MARYLAND

No further action has been reported on companion bills H. 15 and S. 12, reported in the February issue of THE CERTIFIED PUBLIC ACCOUNTANT.

MASSACHUSETTS

House bill 1775, which provides that privileged communications and confidential information shall be inadmissible as evidence in any proceedings without the written permission of persons, firms, associations, or corporations whose books or records the accountant has been employed to examine or audit, was scheduled for hearing March 15th, before the metropolitan-affairs committee.

MISSOURI

On February 10th, Senate bill 212, which would among other things, repeal the waiver provision of the 1929 revised statute, was introduced in the legislature and on February 15th was referred to the judiciary committee.

House bill 416 would provide that the board of examiners waive the examination of college graduates and public accountants engaged in practice for ten years. The bill is being opposed by the state society.

NEW YORK

There has been no further action reported on the bills previously described.

NORTH CAROLINA

Senate bill 88, which would provide a uniform procedure for the suspension or revocation of licenses to engage in trades and professional callings was introduced January 31st and referred to the judiciary committee.

OHIO

Senate bill 250 was introduced February 23rd and referred to the committee on education on February 28th. The following educational requirements are provided:

" . . . each applicant for a certificate as a certified public accountant shall present to the board satisfactory evidence that he has successfully completed a course of study in or under the supervision of a college, university, or school of accountancy approved by the Ohio state department of education and the Ohio state board of accountancy to the extent hereinafter set forth:

"(a) Applications filed on or after July 1, 1940, and prior to July 1, 1941, shall show that the applicant has successfully completed one year of such study.

"(b) Applications filed on or after July 1, 1941, and prior to July 1, 1942, shall show that the applicant has successfully completed two years of such study.

"(c) Applications filed on or after

July 1, 1942, and prior to July 1, 1943, shall show that the applicant has successfully completed three years of such study.

"(d) Applications filed on or after July 1, 1943, shall show that the applicant has successfully completed four years of such study.

"It is the intent of this section that a year of study shall be equivalent to one-fourth of a four-year course of study prescribed by any state university maintained by the state of Ohio.

"No person engaged in the practice of accountancy on the effective date of this act as amended, shall be prevented from taking the examination for a certificate as a certified public accountant or from receiving such certificate because of not having completed such study in or under the supervision of a college, university, or school of accountancy."

The bill also provides that no firm shall use the title "certified public accountants" or "C.P.A." unless all members are holders of certificates.

SOUTH DAKOTA

A two-class restrictive bill known as House bill 79, reported in the February issue of *THE CERTIFIED PUBLIC ACCOUNTANT*, was killed in the House February 23rd.

TENNESSEE

Companion bills S. 597 and H. 863, were introduced February 14th. These bills provide for a state board of accountancy, composed of the present board members. The waiver provision of the present law is not included in the bills, and the experience requirements for the C.P.A. certificate are raised.

Word has just been received that this measure has been approved by the governor. The text of the new law will appear in the next issue of *THE CERTIFIED PUBLIC ACCOUNTANT*.

Companion bills S. 513 and H. 722, defining the term "senior accountant," were introduced February 9th and 10th, respectively.

George Milton Clark

The Institute has just received notice of the death of George Milton Clark, of Chattanooga, Tenn., in January, 1938. Mr. Clark was born in December, 1862, in Warren County, Ohio, and was educated in the South Charleston, Ohio, High School and the Normal School in Lebanon, Ohio. He was a certified public accountant of Tennessee and the first state auditor of Tennessee. Mr. Clark was a member of the Tennessee State Board of Accountancy. He had been a member of The American Institute of Accountants since 1912, serving as a member of the committees on arbitration and state legislation and as a member of council from 1927 to 1931.

Avis T. Hobbs

Avis T. Hobbs, of Nashville, Tenn., died on January 26th. Mr. Hobbs was born March 20, 1892, in Wilson County, Tenn., and he received his education in the schools of Lebanon, Tenn. From 1921 to 1930 he was associated with Homer K. Jones & Co., in Memphis and Nashville. He was a certified public accountant of Tennessee and one of the founders of the Tennessee Society of Certified Public Accountants. Mr. Hobbs had been secretary of the Tennessee State Board of Accountancy from 1933 to 1938. He had been a member of The American Institute of Accountants since 1930 and had served on the special committee on development of the profession. At the time of his death, he was practising under his own name.

Edward B. Jordan

Edward B. Jordan, of Oakland, Calif., died on February 19, 1939. Mr. Jordan

was born April 4, 1881, in San Francisco but received his education in the schools of Pennsylvania. He was a certified public accountant of California and a member of the California State Society of Certified Public Accountants. Mr. Jordan had been a member of The American Institute of Accountants since 1924. His public accounting experience began in 1920. He practised under his own name.

Albert J. McGlasson

Albert J. McGlasson, of Chicago, Ill., died on January 30th. He was born in May, 1901, in Milwaukee, Wis., and received his A.B. degree from the University of Wisconsin in 1924. Mr. McGlasson's early accounting experience was with the University of Wisconsin, where he served as assistant to the controller for one year and assistant director, department of dormitories and commons, from 1925 to 1929. He was a member of the Wisconsin Society of Certified Public Accountants and of The American Institute of Accountants. At the time of his death, Mr. McGlasson was associated with Barrow, Wade, Guthrie & Co., in Chicago, having been with them since 1935.

Albert E. Myles

Albert E. Myles, of Wichita Falls, Texas, died in December. Mr. Myles was graduated from Kentucky University (now Transylvania), Lexington, Ky., in 1892. He was a certified public accountant of Texas and a member of the Texas Society of Certified Public Accountants. Mr. Myles had been a member of The American Institute of Accountants since 1929. At the time of his death he was practising under his own name.

Samuel D. Patterson

Samuel D. Patterson, of New York, New York, died on December 30, 1938, at the age of eighty-three. Mr. Patterson was a descendant of Andrew Patterson, of Perth, Scotland, who in 1685 landed at what is now Perth Amboy, New Jersey. He was born in New York and educated in the public schools. He was a certified public accountant of New York and a member of the New York State Society of Certified Public Accountants, serving as secretary of the organization from 1908 to 1914. Mr. Patterson received his certified public accountant certificate in 1901. During the period 1909 to 1917, he was a member and secretary of the New York Board of Certified Public Accountant Examiners. Mr. Patterson practised accounting under his own name, but had been retired for a number of years prior to his death. He was for several years a member of the Institute of Accounts, one of the pioneer organizations, and is believed to have been its last secretary. He had been a member of The American Institute of Accountants and its predecessor organizations since 1905.

Arthur T. Spratlin

Word has just been received at the Institute offices of the death last June of Arthur T. Spratlin, of Pittsfield, Mass. Mr. Spratlin was born in England in 1861, but had lived in this country for forty-eight years. Mr. Spratlin was a certified public accountant of New York and had been a member of The American Institute of Accountants since 1914. At the time of his death he was treasurer of the Eaton, Crane & Pike Company, of Pittsfield.

Andrew Stewart

Andrew Stewart, of Boston, Mass., died on February 17, 1939. He was born in Cambridge and made his home in that city for thirty-five years. Mr. Stewart was a certified public accountant of Massachusetts and had served on the state board of examiners. He was a charter member of the Massachusetts Society of Certified Public Accountants and The American Institute of Accountants. Mr. Stewart had followed the profession for more than fifty years, and at the time of his death was a partner in the firm of Stewart, Watts & Bollong, in Boston.

Harry A. Williams

Harry A. Williams, of Pittsburgh, Pa., died November 25, 1938. Mr. Williams was born in 1872 in Cleveland, Ohio, and received his education in the public schools there. He had been engaged in accounting work since 1903 and had been practising on his own account since 1911. Mr. Williams was a certified public accountant of Indiana and had been a member of The American Institute of Accountants since 1920.

Frank H. Woodruff, Jr.

Frank H. Woodruff, Jr., of New York, N. Y., died on December 6th, 1938. Mr. Woodruff held the C.P.A. certificates of New York and New Jersey, and was a member of the New York State Society of Certified Public Accountants as well as of the New Jersey Society of Certified Public Accountants. He was a charter member of The American Institute of Accountants. At the time of his death, Mr. Woodruff was a partner in the firm of Woodruff & Smith, New York, N. Y.

As Others See Us

THE profession of accountancy, as a result of events during recent weeks, has received an unprecedented volume of publicity. The following quotations represent a fair cross section of the news reports and editorial comments which have appeared:

QUOTATIONS

" . . . to do what the public expects . . . "

In an editorial devoted to the accounting questions presented by the McKesson & Robbins case, *Business Week* had this to say, among other things:

"But the public has been led to assume that when an accounting firm puts its seal on a corporation report the inventories have been certified. Therefore, it behooves the accounting profession either (a) to disabuse the public mind or (b) to do what the public expects, either by checking inventories directly or by hiring appraisers."

The Shadow of a Cloud

As quoted in the *New York Times* and other important newspapers, President Benson of the American Bankers Association, himself a member of the accountancy profession, had this to say at the dinner in his honor:

"Worst of all, an ill-deserved shadow of a cloud falls upon a great profession. It would be unfortunate if the public failed to recognize what the accounting profession has done to raise the standards of accounting in this country.

"It would be unfair and unjust that clamor and criticism should so becloud the public mind that the record of achievement during more than forty years of your professional societies in promoting high ideals and establishing the most efficient and desirable methods of accounting and reporting should be forgotten."

"Salutary reforms"

The following editorial comment appeared in the *Evening Union* of Springfield, Massachusetts:

"Public hearings called by the Securities and Exchange Commission and a study by The American Institute of Accountants, both for the purpose of improving the prevailing standards of auditing procedure affecting business establishments, should result in salutary reforms for the protection of banks and innocent stockholders involved."

"Oversold"

Here is the opinion of Harold Fleming, New York staff correspondent of the *Christian Science Monitor*, as published in that newspaper late in December:

"The trouble is that auditing has been 'oversold.' The public has imperceptibly come to expect more of it than it can economically provide. Just as some people think the Stock Exchange now safeguards their investments, and some think the S.E.C. does the same, so people think an audit guarantees the truth of corporate financial reports. . . . This is not so, as informed people in the Street know."

" . . . hired by the company officers . . . "

Leslie Gould, financial editor of the *New York Journal and American* made this contribution to the discussion of the accounting factors in the McKesson & Robbins case:

"On the accountants the weakness is that they are hired by the company officers, on whom they are supposed to be checking, plus the accepted practice of only auditing what the company officials request—thus leaving out probably the most pertinent item in the balance-sheet, even though omissions are noted on the balance-sheet.

"As suggested here when the McKesson case first broke, the better system seems that of the British, where the accountants are hired by the shareholders directly and they report back to the shareholders."

More Effective Audits

The *New York Journal of Commerce* had this to say in a recent editorial:

"The decision of The American Institute of Accountants to make a careful review of customary auditing procedure . . . represents a sound move. . . . The coöperation of the accounting profession is indispensable if a sound program for the improvement of auditing procedure is to result from these inquiries (S.E.C. et al.) by interested government bodies."

Again:

"It clearly would not be in the public interest to require such a broad extension of the auditing procedure as to make the cost excessive. It would be shortsighted and futile to base an audit on the assumption that every concern may be another McKesson & Robbins. The American Institute of Accountants, however, can make concrete proposals for strengthening existing safeguards in auditing practice without an undue increase in cost."

Too Many Disclaimers

Under the heading *Corporation Insurance*, the *Journal of Commerce* of Seattle, Washington, recently made this editorial comment:

"It is unreasonable to expect certified public accountants to appraise accurately all of the many diversified types of inventories and assets or to detect all fictitious accounts. Too much information must be supplied only by corporation officials and must be accepted on faith. Uniform and more comprehensive standards of accounting should be prescribed. At present, there is too wide a variation in the methods of accounting."

Watchdog or Bloodhound?

Again, a quotation from the *Wall Street Journal*:

"If we are going to overhaul the whole subject of independent audit of corporation accounts, the first thing is to lay down in precise terms the nature and the scope of the function to be performed by the auditors, that is, *what they shall certify*. Lord Lopes' picturesque distinction between 'watchdog' and 'bloodhound' indicates a definite line of differentiation in the functions and suggests that it is the directors who are charged with the 'bloodhound' duties of detecting frauds that are not disclosed by books of account, and ordinary supporting data.

"If we wish to change this principle, if we wish to train watchdogs to perform as bloodhounds, let us by all means do so, but let us be sure that we know what we are doing, and how we propose to do it."

Responsibility of directors

An editorial in the *Cleveland Press* said, in part:

"Faith in the auditing of corporation accounts and assets by certified public accountants must, by some means be restored. Audits that fail to reveal the truth . . . are worse than none. And the responsibility of directors for what goes on in the companies they serve may well be more strongly emphasized."

" . . . somebody's word must . . . be taken . . . "

The *Wall Street Journal* had this to say in an editorial based on the McKesson & Robbins case:

"Almost everywhere in the process (of auditing) somebody's word must ultimately be taken for something. No audit of large dimensions can be absolutely immune to forgery and lying, just as no law can absolutely prevent its own breach."

"... realistic appraisals ..."

Jay Franklin, syndicate writer whose articles are published in a large list of newspapers each day, says in one of his daily contributions published in the *Washington Star* the following:

"I don't know what the future will bring, but it seems to me that here is a real chance for the technical and engineering men to contribute to the science of public accountancy, and to correct bookkeeping values by realistic appraisals of the stocks and equipment of going concerns."

"... these general improvements ..."

The editors of the "Periscope" column in *Newsweek* predicted in a recent paragraph that associations of accountants will in the end suggest the "general improvements in auditing procedure": (1) election of auditors by the stockholders, instead of appointment by the management; (2) completion of audits at the end of the "natural business year," when inventories and accounts receivable are at their lowest point, instead of at the end of the calendar year; (3) having accountants pursue their checkup throughout the year, not just at year end; (4) strengthening the position and authority of the comptroller within many companies.

"... responsibility beyond his power ..."

The *Wall Street Journal* said, in a recent editorial:

"If we are going to legislate on the subject (as we usually do after a horse has vanished from the stable), we shall do well to avoid the attempt to do too much by requiring of the independent auditor that he shall assume a responsibility beyond his power to discharge. No auditor—and no government bureau—can ever guarantee value in a corporate security."

"S.E.C. not alone"

From a news article in *Business Week*:

"By shifting the responsibility for audits, the S.E.C. may be able to accomplish two things in one act: tighten up on audits and tighten up on management. . . . The S.E.C. was not alone. The American Institute of Accountants, which has made periodic studies of accounting methods and issued many reports on proper practice, instituted an investigation for the profession to 'determine what, if any, changes in procedure should be adopted by the profession in the light of the revelations in the McKesson & Robbins case.'"

"... rôle of . . . stuffed shirts"

The title "Smells to High Heaven" was given to an editorial printed in the December issue of *Financial World*, one portion of which said:

"On whose shoulders the culpability for this criminal deception of investors will finally fall remains to be decided, but the public will not have to await the outcome to fix the responsibility for gross neglect that made it possible. For this, the directors and officers are responsible, because had they been more alert it never could have happened."

"Apparently, the rôle they played was that of stuffed shirts, ornamenting the business in order to inspire the confidence of investors."

"Some Public Agency"

From an editorial in the *New York Daily News*:

"It may turn out that it is undesirable for big business executives to be able to hire their own accountants to check up on them, no matter how honest the accountants may be. Perhaps we need some public agency similar to the S.E.C. to supervise the whole accounting business."

Announcements

Barton, Pilié & Seré, of New Orleans, La., announce the association with them of Charles E. Wermuth, and the change in the firm name to Barton, Pilié, Seré & Wermuth.

I. R. Lashins & Company announce the removal of their offices to 19 Rector St., New York, N. Y.

W. Paxton Little, of New York, N. Y., was recently given a testimonial dinner upon the occasion of his retirement as treasurer of the Niagara Hudson Power Corporation, after forty-five years of service. He is one of the oldest members of the New York State Society of Certified Public Accountants, and a founder and charter member of the American Institute of Accountants.

Loomis, Suffern & Fernald, of New York, N. Y., announce the admission of John Leighton as a member of the firm.

Lunsford, Barnes and Company announce the admission to partnership of John G. Stauffer, of Kansas City, Mo., and Vincent A. Smith, of Wichita, Kan.

T. A. Mertens and Company announce the removal of their offices to suite 1635, Russ Bldg., San Francisco, Calif.

Reuben R. Robinson & Co., of New York, N. Y., announce the admission of Julius Nathan as a member of the firm.

Jacob B. Taylor, professor of accounting at Ohio State University, has been appointed head of the Department of Liquor Control, by Governor-elect John W. Bricker, of Ohio.

J. B. Baerncopf, of Indianapolis, Ind., recently addressed the Accounting Club of Indiana University, at Bloomington on the future of the junior accountant.

Eugene G. Boutelle, of Boston, Mass., recently addressed the New England Control of the Controllers Institute of America on the subject of internal checks and balances.

William J. Carter, of Atlanta, Ga., has been appointed chairman of the coordinating committee of the Atlanta Chamber of Commerce.

Lawrence R. Chenault, of Jackson Heights, N. Y., is the author of a sociological study entitled, "The Puerto Rican Migrant in New York City," published by the Columbia University Press, New York, N. Y., in October, 1938.

Walter A. Cooper, of New York, N. Y., recently addressed the National Tax Association, in Detroit, on accounting to control the differences between book and taxable income. He also addressed the Controllers Institute, in New York, on some recent new decisions or law changes.

Albert R. Cox, of Canton, Ohio, recently addressed the Canton Shrine Club on the subject of world affairs.

H. L. Dalton, of Toledo, Ohio, recently addressed the Toledo Chapter of the American Association of University Professors on the subject of federal taxation.

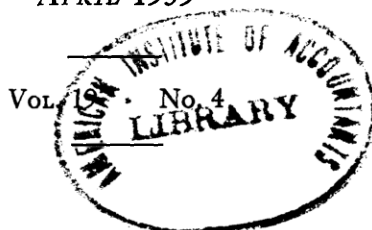
M. A. Feldmann, of Milwaukee, Wis., addressed the Accountants' Club of Marquette University, on the subject of "The Public Accounting Profession, Its Possibilities and Its Requirements of Graduates."

Lawrence R. Goldfarb, of Baltimore, Md., recently delivered an address before the luncheon club of the Baltimore Bar Association on the subject of the federal revenue act of 1938.

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of The American Institute of Accountants

APRIL 1939



Meeting of Council

Research Department

Bank Confirmation Forms

Special Accountancy Examinations

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Accountants' Certificates

Regional Meetings

15¢ a Copy

Published Monthly

\$1 a Year



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Officers 1938-1939

THE AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

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THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of The American Institute of Accountants

Bank Confirmation Forms

CHARLES MEYER, vice-president of the National Association of Bank Auditors and Controllers, has requested the Institute to encourage more widespread use by accountants of the Institute's standard bank confirmation form. He explained the great burden and cost imposed upon banks in answering confirmation requests that are proposed in varied form and suggested that, through the universal use of the standard form, accountants may coöperate with bankers in minimizing the cost of making available required information.

Prior to preparation of the standard bank confirmation form by the Institute's special committee on coöperation with bankers in 1933, many of the New York banking institutions, having found it necessary to install elaborate systems of internal questionnaires in order to compile answers to the questions called for on the wide variety of forms received from accountants, instituted the practice of making a service charge for each confirmation. The Institute has been informed that some midwestern banks, burdened by the variety of forms presented to them, have recently had under consideration the proposal that service charges be made.

The standard bank confirmation form was adopted after discussion with officials of several of the larger New York banks and since its adoption service charges have not been made. The special committee on coöperation with bankers in 1933 pointed out the following advantages of the standard confirmation form:

1. It is adapted for use in window envelopes, thereby facilitating mailing, particularly when used in large quantities.
2. The name of the client and the date as of which confirmation is required need be inserted only once.
3. The form is spaced for use in standard makes of typewriters.
4. A minimum amount of space is devoted to the request.
5. By slight rearrangement the form can be prepunched at top or side for filing with the auditors' working papers.
6. The duplicate to be retained by bank bears the signature of the client as authority for furnishing the information to the auditors.

7. Distribution to accountants in charge of the particular audits to which the confirmations apply will be facilitated, especially in large offices, by inserting the respective initials in the space provided in the upper right-hand corner of the original copy.
8. While the proposed form is somewhat more elaborate than the majority of those in general use, the cost of printing in large quantities would not be excessive. Insertion of the name of the auditor or auditors for whose use they are intended could be made at slight additional cost, even in relatively small quantities.

Evidence of the widespread use of the standard form is reflected in the fact that over 100,000 copies were purchased from the American Institute Publishing Company, last year. The forms are available at a price of \$10 a thousand. The name of the accounting firm may be imprinted at a price of \$4 a thousand; \$7 for two thousand, etc. A sample of the form will be gladly sent upon request.

Special Accountancy Examinations

*Statement of the Special Committee on Governmental Accounting to the
Members of The American Institute of Accountants*

IN CERTAIN states where independent audits of local governmental bodies are required, special licenses are provided for persons who are permitted to conduct such audits. In these cases, the applicants must pass special examinations in municipal accounting regardless of whether or not they already hold C.P.A. certificates.

It is true that in some cases satisfactory results are now apparently being secured by such an arrangement. It is also true that the accounts of a public body present certain special features, and it is essential that any public accountant who undertakes an audit of such accounts should acquaint himself with these peculiarities.

This condition, however, is not peculiar to municipal audits. It applies to a greater or lesser extent in many fields of a public accountant's activity. Nearly every type of business presents some special features which affect the form and content of the accounts and financial statements and the scope of the audit. It would be absurd to require that certified public accountants take special examinations in each of the several fields in which he might be called upon to serve. Adequate material is now available whereby any accountant with proper general qualifications can acquire a knowledge of governmental accounting through study and research before beginning his work, in case he has not already acquired it by experience. Public bodies, in seeking accountants for independent audits, are justified in selecting those persons who, in addition to having met all requirements with respect to general practice and professional standing, show evidence of acquaintance with the peculiar problems involved and with the latest developments in this field.

In the examinations for the C.P.A. certificate prepared by the American Institute of Accountants and other bodies, there has been in recent years a marked tendency to include questions dealing with accounts of governmental bodies. This practice should continue, as it will do much to insure that all public accountants acquire the necessary acquaintance with this particular field. In such examinations, it is of course essential that all types of subjects be considered without undue emphasis on any particular field.

Breadth of experience, familiarity with business and institutional accounting and auditing problems in general, and independence are the qualities that a certified public accountant may be expected to possess. It is those qualities that enable him to render the most valuable service to individual clients. To these attributes may be added knowledge of specific fields in which individual accountants may work—knowledge

which is gained by study, research, and experience. Such special knowledge, however, without breadth of background which comes through general accounting experience and through passing the C.P.A. examination, is inadequate and, if public audits are limited to those who possess only such knowledge as is indicated by a special examination, the best results for all concerned will not be secured.

The services of an accountant to a public body should not be thought of as being limited to auditing in the narrow sense. They should extend to all phases of financial procedure, including advice as to the completeness of the accounting system, the adequacy of current control over financial transactions, and the fiscal policies of the agency concerned. An accountant should be able to render all of these services. Breadth of experience, in addition to specialized knowledge, makes him best fitted for such demands.

In view of these facts and in view of the further fact that consideration is being given in additional places to special licensing programs for municipal auditors, the special committee on governmental accounting of The American Institute of Accountants submits these recommendations:

1. The committee opposes, as contrary to the fundamental principles underlying the training of persons for public accounting and auditing practice and to the best interests of the public, the giving of special examinations and issuance of special licenses for auditors of public bodies;
2. The committee urges that all public accountants acquaint themselves with the special problems and requirements of the accounts and audits of public bodies particularly through a study of the recommendations of the National Committee on Municipal Accounting.
3. The committee recommends that the examining boards of The American Institute of Accountants and of the various states include in their regular examinations to the extent practicable questions dealing with the accounts and audits of municipalities and other public bodies with due regard for maintaining a proper balance among the various subjects to be covered in such examinations.

SPECIAL COMMITTEE ON GOVERNMENTAL ACCOUNTING

The American Institute of Accountants

Meeting of Council

As announced in the last issue of this bulletin, the spring meeting of council of The American Institute of Accountants will be held at the Waldorf-Astoria Hotel, New York, N. Y., on May 8th and 9th, instead of in April as has been the custom heretofore. The change in date is due to the opening of the New York World's Fair on May 1st. All members of the Advisory Council of State Society Presidents have been invited to attend the meeting.

Trips by Institute Officers

John K. Mathieson, vice-president of the Institute, will leave Philadelphia the latter part of this month to attend meetings of state societies of certified public accountants in the following states: Arkansas, Georgia, Kentucky, North Carolina, South Carolina, and Tennessee.

Lewis Ashman, vice-president of the Institute, will address a meeting of the Milwaukee Chapter of the Wisconsin Society on April 20th. During the latter part of May, he will attend meetings of state societies in Wisconsin, Minnesota, and Missouri.

The secretary of the Institute will attend the annual meeting of the Louisiana Society at New Orleans on April 20th.

In May Clem W. Collins, president of the Institute, and the secretary plan to visit state societies in Boston, Hartford, Philadelphia, Washington, D. C., New York City, Rochester, and Buffalo.

Research Department

The establishment of the research department of the Institute has gone forward rapidly since the project was described to the membership in a special letter from the treasurer dated March 21st. The committee on accounting procedure, which is to supervise the activities of the department, has met to organize its work, and alterations have been made in the offices of the Institute so as to accommodate the staff of the new department.

The response to the request for contributions to finance the research activities during the initial period has been particularly encouraging to the executive committee and to the committee on accounting procedure. A large number of contributions from individual members, as well as from firms with which members are affiliated, have been received. Following is a list of those who on April 3rd had made contributions:

LEONARD L. ABESS, Miami, Fla.

ALEXANDER ADERER & Co., New York, N. Y.

ARTHUR ANDERSEN & Co., Chicago, Ill.

DAVID J. ANDERSON, New York, N. Y.

APPEL AND BRACH, New York, N. Y.

HENRY BRACH

ARTHUR YOUNG & COMPANY, New York, N. Y.

MILLER BAILEY, Kansas City, Mo.

WILLIAM H. BELL, New York, N. Y.

LOUIS BERGMAN, New York, N. Y.

ARTHUR E. BEYER, New York, N. Y.

DALLAS BLAIR-SMITH, New York, N. Y.

- CHARLES A. BLANKENBURG, Chicago, Ill.
 FRANCIS J. BLOCK, Laurel, Miss.
 RAYMOND S. BLUNT, Chicago, Ill.
 OTTO I. BOEKLE, Detroit, Mich.
 TOM D. BOYDSTON, Bartlesville, Okla.
 EDWIN W. BREYER, Cleveland, Ohio
 THOMAS J. BROWN, Boston, Mass.
 BRUBAKER, FISHER & TAYLOR, Cleveland, Ohio
 CLIFFORD D. BUFFON, Chattanooga, Tenn.
 PHILIP G. BURSTON, San Francisco, Calif.
 THOMAS W. BYRNES, New York, N. Y.
 SEBASTIAN CABOT, New York, N. Y.
 WILLIS L. CHAFFEE, New York, N. Y.
 JOSEPH M. CHECKERS, Chicago, Ill.
 MILTON B. CLAWSON, San Francisco, Calif.
 SAMUEL R. COHN, Newark, N. J.
 COMERY, DAVISON & JACOBSON, Providence, R. I.
 HARRY J. COOPER, San Francisco, Calif.
 ALBERT W. CORY, Oklahoma City, Okla.
 HENRY CRAIG, Picher, Okla.
 WARREN B. CUTTING, Buffalo, N. Y.
 MICHAEL EDELSTEIN, New York, N. Y.
 WALTER A. EDWARDS, JR., Norfolk, Va.
 HENRY A. ESSER, New York, N. Y.
 OSCAR FERGUSON, New York, N. Y.
 HAROLD FERGUSON, New York, N. Y.
 HARRY G. FRAZER, Monroe, La.
 FRAZER AND TORBET, Chicago, Ill.
 WILLIAM GARDNER, Nashville, Tenn.
 GARY AUDIT COMPANY, Gary, Ind.
 WALTER S. GOEDECKE
 CHARLES SILEP
 GIBBS, SCHNEIDER, HOGAN & LAWTON, Detroit, Mich.
 JOHN M. GILCHRIST Co., Omaha, Neb.
 RALPH S. GOOD, Rochester, N. Y.
 HOWARD C. GREER, Indianapolis, Ind.
 H. A. GRUBE, Brooklyn, N. Y.
 CHARLES O. GUNTHER, JR., Baltimore, Md.
 HADFIELD, ROTHWELL, SOULE & COATES, Hartford, Conn.
 J. BEN HART, Manchester, N. H.
 H. C. HELM, St. Louis, Mo.
 W. A. HELM, St. Louis, Mo.
 P. REGINALD HERINGTON, New York, N. Y.
 HILTON, SHEFFIELD & HILTON, Norfolk, Va.
 ALFRED N. HILTON
 W. P. HILTON
 A. VERNON SHEFFIELD
 HOMES & DAVIS, New York, N. Y.
 JOHN W. HOOPER, New York, N. Y.
 HAROLD G. HUTCHINSON, Englewood, N. J.
 HARRY M. JAY, Memphis, Tenn.
 FRANK A. JOHNSON, Helena, Mont.
 HILMER E. JOHNSON, Escanaba, Mich.
 ARNOLD P. JORGENSEN, Washington, D. C.
 SIDNEY B. KAHN, New York, N. Y.
 SAMUEL KANARVOGEL, New York, N. Y.
 W. R. R. KILROE, San Francisco, Calif.
 KNUST, EVERETT & CAMBRIA, Hartford, Conn.
 VINTON E. LEE, Washington, D. C.
 RENE J. LEGARDEUR, New Orleans, La.
 ERNEST O. LOTHROP, Buffalo, N. Y.
 LYBRAND, ROSS BROS. & MONTGOMERY, New York, N. Y.
 MACK & COMPANY, Wilmington, Del.
 MATHIESON, AITKEN & Co., Philadelphia, Pa.
 CLAYTON C. McCONKIE, Cleveland, Ohio
 OLIVER R. McMAHON, New York, N. Y.
 ANTHONY G. MEYER, New York, N. Y.
 TODD L. MOISE, Elyria, Ohio
 JOHN D. MORRISON, Marquette, Mich.
 HAROLD G. MOUNTEER, Detroit, Mich.
 LUDVIG C. NIELSEN, Battle Creek, Mich.
 FRANCIS C. NIXON, Moultrie, Ga.
 JOSEPH THOMAS O'CONNOR, Chicago, Ill.
 HERMAN J. OLT, Chicago, Ill.
 NELSON L. OTT, New York, N. Y.
 WALTER C. OTTO, Chicago, Ill.
 PEAT, MARWICK, MITCHELL & Co., New York, N. Y.
 FREDERIC A. POWERS, Cincinnati, Ohio

PRICE, WATERHOUSE & Co., New York, N. Y.

JOHN H. PRITCHARD, Bloomington, Ind.

R. G. RANKIN, New York, N. Y.

WILLIAM H. RANKIN, Houston, Texas

DUNCAN RICE, Kalamazoo, Mich.

ROBERT HAMILTON RUCKER, New York, N. Y.

CHARLES D. RUDOLPH, Philadelphia, Pa.

VICTOR E. RYDEN, Flint, Mich.

WALTER S. SAVAGE, Monroe, La.

AUGUST J. SAXER, St. Louis, Mo.

MAX SCHLESSINGER, New York, N. Y.

NORMAN E. SCHLEY, Waukesha, Wis.

LAWRENCE SCUDDER & Co., Detroit, Mich.

CLETUS M. LAUX

SEIDMAN & SEIDMAN, New York, N. Y.

ALLAN SEMPLE, New York, N. Y.

WALTER H. SHULTUS, Grand Rapids, Mich.

ROBERT SIEGEL & Co., New York, N. Y.

SANFORD G. SLOCUM, Rochester, N. Y.

JOHN W. SNIDER, St. Louis, Mo.

HENRY E. SPAMER, Baltimore, Md.

FREDERIC W. SQUIRES, New York, N. Y.

LEE E. STAPLES, Baltimore, Md.

MAX STARR, Boston, Mass.

L. K. STORY, St. Louis, Mo.

O. F. TAYLOR & Co., New York, N. Y.

TEMPLE, BRISSMAN & Co., St. Paul, Minn.

A. J. H. THISTLETHWAITE, Mexico, D. F.

WILBUR D. THOMAS, Washington, D. C.

ROYAL C. THURSTON, JR., New York, N. Y.

JAMES A. TRAINOR & Co., New York, N. Y.

ISAAC WAGNER, Chicago, Ill.

WALDMAN, PETOT & COMPANY, Louisville, Ky.

JOHN S. PETOT, SR.

MAX WALDMAN

WALTON SCHOOL OF COMMERCE, Chicago, Ill.

C. H. LANGER

THOMAS R. WARD, Meridian, Miss.

CHARLES WEISSINGER, Philadelphia, Pa.

FRANK L. WILCOX, Waco, Texas

RAYMOND D. WILLARD, Boston, Mass.

DEMPSEY A. WINN, Amarillo, Texas

WILLIAM R. WINN, Williamsport, Pa.

JOHN WISEMANN, Wheeling, W. Va.

WOLF AND COMPANY, Philadelphia, Pa.

GEORGE A. JOHNSTON

Regional Meetings

Accounting principles, inventories, federal taxation, and the natural business year will be among the subjects to be discussed at an Accounting Clinic to be held by the Indiana Association of Certified Public Accountants at Butler University in Indianapolis on May 12th and 13th next. The Clinic will be held under the sponsorship of the College of Business Administration at Butler and with the coöperation of The American Institute of Accountants.

The Clinic will be opened on the morning of May 12th with a general session, at which Professor M. G. Bridenstine of the College of Business Administration, President J. W. Putnam of Butler University, and President O. C. Herdrich of the Indiana Association will be the speakers.

Carman G. Blough, of Chicago, formerly chief accountant of the Securities and Exchange Commission, will be the principal speaker at a Clinic dinner to be held on the evening of May 12th. Lewis Ashman, of Chicago, a vice-president of The American Institute of Accountants, will present a paper on "Accounting Principles" at a sectional meeting to be held following the opening session.

An address on the subject of federal taxation will be presented at a Clinic luncheon on May 12th by Edward B. Wilcox, president of the Illinois Society of Certified Public Accountants and chairman of the Advisory Council of State Society Presidents.

At the dinner session to be addressed by Mr. Blough, a brief message from

the American Institute will be presented by George S. Olive, of Indianapolis, a member of council of the Institute. Dean M. O. Ross of the College of Business Administration at Butler University, will preside at the dinner.

The subject of standard costs and budgets will be covered in a paper to be presented at the Accounting Clinic on the afternoon of May 12th by Professor J. Brooks Heckert of Ohio State University. Also on the same afternoon, Professor Hiram T. Scovill of the University of Illinois will present a paper on the natural business year.

Maurice E. Peloubet, of New York, will present a paper on the subject of inventories on the morning of Saturday, May 13th. Harold C. Anderson, of Washington, chairman of the special committee on social-security act of the American Institute, will offer a paper on the subject, "Economic and Financial Aspects of our Social Security Program," also on Saturday morning.

Training of young accountants is also planned as a subject for the Accounting Clinic. Another program feature will be presentation of a summary of the Clinic proceedings at a luncheon meeting which will bring the Clinic to a close on Saturday, May 13th. John S. Lloyd, of Indianapolis, secretary of the Indiana Association of Certified Public Accountants, who is general chairman of the committee planning the Accounting Clinic, will present this summary.

Presiding officers and discussion leaders at the Clinic will include Gregory Detmer, of Fort Wayne, vice-president of the Indiana Association; Dean Henry T. Chamberlain of the School of Business Administration of Loyola University; E. E. Thomas, of Evansville; J. R. Wharton, of South Bend; Professor Alva Prickett, of the University of Indiana; Roy J. Pile and William M. Madden, of Indianapolis.

The committee in charge of plans for the Accounting Clinic has announced through Chairman Lloyd that registration will be open to all certified public accountants, and to instructors, bankers, credit men, members of the bar, business executives, and others interested.

EASTERN FOUR-STATES ACCOUNTING CONFERENCE

Plans have been completed for an Eastern Four-States Accounting Conference to be held jointly by the state societies of certified public accountants in New York, New Jersey, Pennsylvania, and Connecticut at the Hotel Claridge in Atlantic City on Friday and Saturday, May 19th and 20th next. The American Institute of Accountants is coöperating in the arrangements.

Speakers at the conference will include United States Senator Joseph C. O'Mahoney, of Wyoming; Willard L. Thorp, special assistant to the Secretary of Commerce; Henry H. Heimann, executive manager of the National Association of Credit Men and chairman of the Natural Business Year Council; Victor H. Stempf, acting president of the New York State Society; Maxwell E. McDowell, head of the tax department of the Standard Oil Company of New Jersey; Walter R. Darby, Commissioner of Local Government of the State of New Jersey; J. William Hope, past president of the Connecticut Society of Certified Public Accountants; D. M. Livingston, of Philadelphia, and John L. Carey, secretary of the American Institute.

An Accounting Clinic will be one of the features of the conference program. Clinic subjects will include "Inventories and Receivables," "The Accountant's Report and Certificate," "An Accountant's Responsibility to the Public," "Accounting Problems of

Industrial Corporations," "Accounting Problems of Public Utilities" and "Problems and Procedure in Bank Auditing."

Another feature of the program will be a general session on Saturday afternoon, May 20th. At this session, papers will be presented and discussion held on the subjects of "Federal Taxation," "Municipal Accounting to Safeguard the Public," "Building and Loan Accounting" and "The Natural Business Year—Opportunity for Management."

Two luncheon sessions are included in the program. Harry Ness, president of the Pennsylvania Institute of Certified Public Accountants, will preside at a luncheon on May 19th, when Mr. Thorp will be the speaker. Guy Cambria, president of the Connecticut Society of Certified Public Accountants, will preside at a luncheon on May 20th, when Mr. Heimann will speak.

President John A. Conlin of the New Jersey Society of Certified Public Accountants will be general chairman of the conference and will preside at the opening session on May 19th and at the closing dinner. Orin O. Roundy, of Newark, is chairman of the conference committee. Its members are Presidents Conlin, Ness, and Cambria; Mr. Stempf; Wentworth F. Gantt, assistant to the president of the New York State Society; Douglas D. Besore, of Atlantic City; Mr. Hope; C. Whitford McDowell, chairman of the Philadelphia chapter of the Pennsylvania Institute of Certified Public Accountants; Harold B. Simpson, chairman of the meetings committee of the New York State Society.

Registration at the Eastern Four-States Accounting Conference will be open to all members of the coöperating state societies and their guests, and to all certified public accountants in other states.

TIDEWATER

Plans for a Middle Atlantic States Accounting Conference to be held in Richmond, Va., on June 16th and 17th were discussed at a meeting of the conference committee held in Richmond on March 25th. Representatives of the Virginia, North Carolina, and West Virginia state societies and of the Kanawha Valley Accountants Association of West Virginia were present. Those organizations, with the state societies of Maryland and South Carolina, and the District of Columbia Institute of Certified Public Accountants, will sponsor the conference. Frank A. Gale, assistant secretary, represented the American Institute, which is coöperating in conference plans. A. Frank Stewart of Richmond, co-chairman of the conference committee, presided in place of C. S. Goldston, chairman, who was kept away by illness. Emmett P. Dallas, president of the Virginia Society of Public Accountants, is conference chairman.

MID-WEST

Arrangements are well under way for the Central States Accounting Conference which the state societies of Iowa, Illinois, Wisconsin, North and South Dakota, Minnesota, Kansas, and Nebraska will hold jointly in Des Moines on June 1st and 2nd. The committee in charge of conference plans has held one meeting in Des Moines. A meeting of the special conference program committee was held in Chicago on April 6th, with Ira B. McGladrey, president of the Iowa Society of Certified Public Accountants and chairman of the conference, presiding. On behalf of the American Institute, which is also coöperating in the Central States conference, the assistant secretary attended both meetings.

Accountants' Certificates

Following is the text of a letter which Stanley G. H. Fitch, of Boston, Mass., chairman of the Institute's special committee on accountants' certificates, addressed on March 20th to the members of the Institute's committee on professional ethics, in response to a request for an expression of opinion on the question to what extent an auditor may qualify his opinion with respect to specific items in the financial statements and yet be warranted in expressing an opinion on the statements as a whole:

Gentlemen:

Under date of February 15, 1939, the secretary of the Institute requested the special committee on accountants' certificates to send to your committee an expression of opinion regarding the following matter:

"Arising out of a complaint handed to the ethics committee by the committee on coöperation with Securities and Exchange Commission, it was found that an accountant had given a certificate which read in the opinion clause:

"Subject to the foregoing qualifications, in our opinion, the above balance-sheet and related statements of income and profit and loss fairly present, in accordance with accepted principles of accounting consistently maintained by the company during the year under review, the financial position of the company at December 31, 1937, and the result of the operations for the year ended that date."

"The qualification clause of the certificate covered stated qualifications in connection with nearly all the items on the balance-sheet.

"As a result of the above circumstances, a question was raised in the minds of the members of the committee as to whether the Institute should not make some statement as to its opinion

in respect to whether any certificate can be given in the event that a major portion of the items in a balance-sheet are subject to qualification. In other words, in the extreme case can an accountant in effect state that subject to the qualification that all the items in a balance-sheet are incorrect, in his opinion, the statement correctly sets forth the financial position?"

Neither the balance-sheet nor the qualifications thereto, referred to in the certificate complained of, have been submitted to our committee, but it is assumed that the items involved are material.

In the case cited it seems inconsistent, if not actually misleading, to express in the certificate the opinion that the financial statements "... fairly present, in accordance with accepted principles of accounting consistently maintained, ..." when those words can only be considered in connection with and are negated by the qualifications of a material nature relating to the balance-sheet items. In the opinion of this committee no certificate should be given in cases where it is necessary to qualify the major portion of the items on the balance-sheet. Where financial statements require material qualifications and exceptions, the accountant should confine his report to a statement of facts and/or explanations and if appropriate, his reasons for omitting an expression of opinion in regard to such financial statements.

Inasmuch as the complaint under consideration apparently relates to the certification of statements submitted to the Securities and Exchange Commission, it seems pertinent to quote the following statement of administrative policy with respect to financial statements issued by the Securities and Exchange Commission as Accounting Series Release No. 4 on April 25, 1938:

"In cases where financial statements filed with this Commission pursuant to its rules and regulations under the securities act of 1933 or the securities-

exchange act of 1934 are prepared in accordance with accounting principles for which there is no substantial authoritative support, such financial statements will be presumed to be misleading or inaccurate despite disclosures contained in the certificate of the accountant or in the footnotes to the statements provided the matters involved are material. In cases where there is a difference of opinion between the Commission and the registrant as to the proper principles of accounting to be followed, disclosure will be accepted in lieu of correction of the financial statements themselves only if the points involved are such that there is substantial authoritative support for the practices followed by the registrant and the position of the Commission has not previously been expressed in rules, regulations or other official releases of the Commission, including the published opinions of its chief accountant."

In view of the position of the Securities and Exchange Commission, as quoted above, it is apparent that the certificate in question would not be acceptable to the Commission and consequently should not have been submitted.

Yours very truly,

STANLEY G. H. FITCH, *Chairman*,
Special Committee on Accountants'
Certificates

Visitors at Institute Offices

The following visitors from out of town have called at the offices of the Institute in recent weeks:

George D. Bailey, Detroit, Mich.
Henry T. Chamberlain, Chicago, Ill.
Will-A Clader, Philadelphia, Pa.
Theodore A. Crane, Maplewood, N. J.
Ralph B. Mayo, Denver, Colo.
William A. Paton, Ann Arbor, Mich.
George E. Perrin, Greensboro, N. C.
Charles F. Rittenhouse, Boston, Mass.
Clarence L. Turner, Philadelphia, Pa.
Sidney G. Winter, Iowa City, Iowa

Awards

Following are the winners of the Elijah Watt Sells scholarship awards for the November, 1938, examinations:

First prize (gold medal)

Ralph Edwin Petering, Chicago, Ill.

Second prize (silver medal)

William D. Sprague, Houston, Texas.

Honorable mention

George T. Helm, Woonsocket, R. I.

Richard S. McQuay, St. Louis, Mo.

Benjamin W. Wise, Urbana, Ill.

Messrs. Petering and Sprague have been invited to attend the annual meeting of the Institute at San Francisco. At the November, 1938, examinations, forty states and territories cooperated with the Institute and there were more than seventeen hundred candidates.

Massachusetts

At a meeting of the Massachusetts Society of Certified Public Accountants, held at Boston March 27th, the winners of the recent essay contest sponsored by the society, on the subject of "The Future of Professional Accounting," were announced and prizes awarded. The first prize of \$100 was presented to Edward S. Culver, of Boston, and the second prize of \$50 was presented to L. I. Swindell, of Boston (now of New York).

At the same meeting the society's gold and silver medals were presented to the two candidates receiving the highest and second highest marks in the Massachusetts C.P.A. examination of November, 1938. The successful candidates were: Warren S. Anthony, of Boston (gold medal), and William F. Seward, of West Roxbury (silver medal).

Lecture and Study Group

The two spring meetings of the New York lecture and study group were held in the Mirror Room of the Roger Smith Restaurant, 40 East 41st Street, Thursday, April 6th, and Tuesday, April 11th. Discussion at both meetings was based on excerpts from the testimony of the expert witnesses at the S.E.C. hearings which appeared in the April issue of *The Journal of Accountancy*. The following five expert witnesses led the discussion: Samuel J. Broad, Charles B. Couchman, Henry A. Horne, Joseph J. Klein, and C. Oliver Wellington.

Coöperation with Credit Men

The National Association of Credit Men has indicated an interest in the growing practice of assignment of accounts receivable. As explained in an article by C. F. Baldwin in *Credit and Financial Management*, March, 1939, the interest of the credit men is particularly in securing prompt information when one of their customers assigns its accounts.

The National Association requested the coöperation of the American Institute of Accountants in consideration of the problem, and on March 28th representatives of the Institute attended a luncheon meeting at New York devoted to a discussion of the subject. John Fraser, of New York, and the secretary of the Institute represented the Institute's special committee on coöperation with credit men.

Resignation

John W. Ballard, a member of the Institute, has resigned as chief examiner for the Federal Home Loan Bank Board at Washington, D. C., to accept a position as executive vice-president of the Safety Federal Savings and Loan Association, Kansas City, Mo.

Coöperation with Bar

Representatives of the Institute's special committee on coöperation with bar association met with representatives of the American Bar Association committee on unauthorized practice of the law at Chicago on April 3rd to discuss relations between the two professions. The bar association committee was represented by Henry B. Brennan, of Savannah, Georgia, chairman, and Stanley B. Houck, of Minneapolis, Minnesota. The Institute committee was represented by Francis P. Byerly, of New York, N. Y., chairman, Lewis Ashman, of Chicago, Edward B. Wilcox, of Chicago, president of the Illinois Society of Certified Public Accountants, and John L. Carey, secretary of the Institute.

William Leslie

William Leslie, of Mountain Lakes, N. J., died on March 7, 1939. He was born in Edinburgh, Scotland, March 4, 1872, and studied under George Lisle, professor of accounting at Edinburgh University, becoming Professor Lisle's first apprentice in 1888. He became a chartered accountant of Scotland in 1895 and in 1900 he came to America. Mr. Leslie started his own firm, Leslie & Co., in 1903, and four years later, with Alexander S. Banks, founded Leslie, Banks & Co. In 1908 he became the first instructor of accounting at Teachers' College, New York City. Mr. Leslie was a certified public accountant of New York and Ohio and a member of the New York State Society of Certified Public Accountants. He was a member of the Society of Accountants in Edinburgh, and had been a member of The American Institute of Accountants since 1934.

State Accountancy Legislation

Report of Bills in Progress

ARIZONA

Adjourned sine die March 13th. Companion bills S. 50 and H. 28 died in committee.

CALIFORNIA

Assembly bill 1860 relating to the practice of accounting amended in House, March 30th.

No further action reported on Assembly bill 1965. Have been advised that it provides for issuance of permits to public accountants practising at January 1, 1939, rather than at January 1, 1938, as stated in the bill first introduced and reported in the March issue.

No further action reported on Assembly bill 2100.

COLORADO

No further action taken on bills previously reported.

Senate bill 673, entitled, "An Act relating to the administration of the state government," would make broad changes in numerous state boards and bureaus and would abolish the state board of accountancy. The functions of the present board would be administered under the Department of State through a division of professional and vocational standards which would examine applicants for the C.P.A. certificate. The head of the division would not be a practitioner of any of the professions or vocations subject to his regulation. The Colorado Society is opposing the measure.

Senate bill 406, a bill to reorganize the state government by putting all governmental functions into twenty-one departments, was introduced Jan-

uary 18th and referred to the judiciary committee.

CONNECTICUT

No further action reported on Senate bill 305.

GEORGIA

Adjourned sine die March 18th. All bills previously reported were killed.

IDAHO

Adjourned sine die March 3rd.

MARYLAND

Adjourned sine die April 4th.

MASSACHUSETTS

House bill 1775, concerning privileged communications, was passed in the House and Senate and reported to the next General Court.

MINNESOTA

Senate bill 1396, introduced March 29th and referred to the general legislation committee, would provide for two-class restrictive legislation and for the examination and registration of public accountants.

MISSOURI

No further action reported on Senate bill 212. House bill 416 referred to the university committee February 24th.

NEW HAMPSHIRE

House bill 362, which would permit the state accountancy board to make rules and regulations, was introduced March 16th and passed in the House March 30th.

NEW YORK

Companion bills S. 1619 and A. 2135, sponsored by the New York State Society of Certified Public Accountants

and prepared in coöperation with the State Education Department and the Attorney General's office, were introduced March 21st and 22nd respectively. The bills, which are discussed at length editorially in the April issue of *The Journal of Accountancy*, propose that after ten years only certified public accountants be permitted to practise accountancy in so far as the public interest is affected, practice in this sense meaning principally the certification of financial statements. Public accountants now in practice and those who at some time during the past ten years have had three years in public accounting experience, upon registering with the state authorities, would be permitted to continue practice in the interim period and to sit for the examination within the next ten years without meeting the college education requirements. Except for this group, only certified public accountants would be permitted to practise. Unlike the usual two-class restrictive bill, there would be no body of licensed public accountants after ten years following the date of enactment.

Assembly bill 260, introduced January 18th, which would provide that any person practising a profession without a requisite license and registration, may be restrained from so practising by permanent injunction from the Attorney General at the request of the Education Department, was killed in committee.

There has been no further action on other bills previously reported.

NORTH CAROLINA

Senate bill 88 which would provide for a uniform procedure for suspension or revocation of licenses issued by various boards and commissions was ratified March 30th. The legislature adjourned April 4th.

OHIO

There has been no further action reported on Senate bill 250 reported last month. Among other things this bill provides that no firm shall use the title "Certified Public Accountants" or "C.P.A." unless all members are holders of certificates issued by the Ohio State Board of Accountancy.

OKLAHOMA

House bill 467, regulating the practice of auditing and accounting, would provide for the issuance of certified municipal accountant certificates to those who pass certain examinations. The bill would also place administration of municipal accountants under the state board of accountancy and change the membership of the board to two certified public accountants, two municipal accountants, and one teacher of accounting. The bill was introduced March 2nd and referred to the committee on retrenchment, March 3rd. It is being opposed by the Oklahoma Society of Certified Public Accountants.

PENNSYLVANIA

House bills 455 through 461, introduced March 8th, provide for the issuance of "registered public auditor" certificates to persons found qualified to act as auditors of political subdivisions, and would further change various state laws so as to permit registered public accountants to audit the books of political subdivisions.

The following bills were introduced April 3rd: H.950 (S. 423) amending sections 202 and 421 of Administrative code of 1929 substituting "State Board of Accountancy" for "State Board for the Examination of Public Accountants"; H.949 (S. 421) regulating the practice of public accounting. Text of bill not yet received.

TENNESSEE

The legislature adjourned March 11th. The following act has been approved by the Governor:

CHAPTER 44, PUBLIC ACTS 1939

(Senate Bill No. 597)

AN ACT to create and re-establish a State Board of Accountancy, to prescribe its duties and powers, to define public accounting, to provide for examination of applicants for certificates as certified public accountants, provide for the granting, renewing, and revoking of certificates of certified public accountants, to provide for the employment of nonregistered persons, to prescribe penalties for the violation of the provisions of this act and to repeal all laws or parts of laws in conflict with the provisions of this act.

Section 1. Be it enacted by the general assembly of the State of Tennessee, that there is hereby created and established a State Board of Accountancy consisting of six certified public accountants and one attorney. The members thereof shall be two certified public accountants from east Tennessee, two certified public accountants from middle Tennessee, and two certified public accountants from west Tennessee, and one attorney from the state-at-large, and said State Board of Accountancy herein created is re-established with the present members of the State Board of Accountancy and said members shall hold office until the expiration of their respective terms for which they were appointed by the Governor under the authority of chapter 33, public acts of 1925. At the expiration of the term of each of the present members of the Board a successor shall be appointed by the Governor for a term of three years, and the accountant appointees shall be citizens of Tennessee and resident holders of certificates as certified public accountants, issued under this or prior acts, and each appointee shall have been in

active practice as a certified public accountant in this state for not less than three years next preceding his appointment. The attorney member of the Board shall be a citizen and resident of the state and shall be qualified to practise before the highest courts in the state. Any vacancy on the Board, which may occur from any cause, shall be filled by appointment by the Governor for the unexpired term in the same manner as regular appointments are made, and the dates of tenure of office as herein provided shall be maintained. No member shall be eligible for reappointment on the Board within three years next following the expiration date of his term.

Section 2. Be it further enacted, that for the purpose of this act the term "public accounting" shall mean: Holding oneself out to the public in any manner as being one skilled in the knowledge and science of accounting and performing the work of an accountant for more than one employer on a fee basis, or otherwise, in any of the following services: auditing; devising or installing accounting systems; making examinations or investigations on matters relating to accounting; compiling tax returns; advising taxpayers in connection with their rights and liabilities under such federal and state taxing statutes as entail or are based on accounting procedure; representing taxpayers before governmental department of the state or the United States in matters pertaining to taxes; preparing financial statements, schedules, reports, and exhibits for publication, credit purposes, use in courts of law and equity, or other purposes. Provided, nothing contained herein shall be construed to prohibit attorneys in the course of their legal practice from performing any of the above enumerated services.

Section 3. Be it further enacted, that the State Board of Accountancy herein created and established shall be charged with the administration and responsibility of this act, and it is

hereby empowered to make such rules and regulations as may be necessary to carry the purposes of this act into effect. The Board shall have authority to conduct written examinations of candidates applying for a certificate as a certified public accountant, and it is authorized to issue such certificates after such applicant shall have successfully completed the examinations given him.

Section 4. Be it further enacted, that examination of persons applying for certificates under the provisions of this act shall be held by the Board in Nashville, or elsewhere within the state as the Board may elect, and such examinations shall be held at least twice each year. The time and place for holding such examinations shall be advertised in not less than three issues of a newspaper in each of the four large cities of the state, not less than thirty days prior to the date when such examinations shall be held. The subjects upon which the applicants shall be required to be examined shall be: (1) Theory of Accounts; (2) Practical Accounting; (3) Auditing; (4) Commercial Law, as it affects accountancy; and (5) such other related subjects as the Board may elect and which shall touch upon the art or science of accounting. Subject (1) and (2) may, within the election of the Board, be combined as one subject.

Section 5. Be it further enacted, that any citizen of the United States being over the age of 21 years and of good moral character, residing in or having a bona fide office in this state, shall be permitted to take such examination provided he has been continuously employed in the office of a certified public accountant for not less than two years; or shall have been engaged as a chief or head bookkeeper for not less than four years; or shall submit other evidence of equal practical experience in such manner as may be required by the Board; or shall be a graduate of a school of accountancy acceptable to the Board of Account-

ancy, and who shall present an academic diploma or other satisfactory evidence as may be required by the Board, showing that he has successfully completed a course of study and instructions which are equivalent to the requirements for graduating from the highest grade of a grade-A high school in this state. Each subject upon which an applicant is examined shall be marked separately and each applicant shall be required to obtain a passing grade of not less than 75 per cent on each subject upon which he is examined. All examination papers shall be preserved for a period of ninety days after the applicant shall have been notified of his grading, and any applicant who may desire to do so, upon request to the Board, may have access to his papers.

Section 6. Be it further enacted, that a uniform fee of \$25 shall be charged by the Board for each examination and certificate, and shall be paid to the secretary of the Board in advance of the examination and shall accompany the application for examination. In case of failure on the part of any applicant who has paid the fee charged by the Board for the examination and certificate to attend the examination on the date specified by the Board, or to pass a satisfactory examination on the date specified by the Board as required in section 5 hereof, said applicant may appear at the next succeeding examination held by the Board for examination or re-examination, upon the payment of the further sum of \$10. The president and secretary of the Board shall, after each examination held by the Board, certify to the Registrar of Trades and Professions the names of those entitled to certificates as provided for in this act, and the certificates shall be recorded and issued by said registrar.

Section 7. Be it further enacted, that any citizen of the United States who has received, by authority of the State Board of Accountancy, a certificate to practise as a certified public

accountant shall be known and styled as a certified public accountant but no other person, firm, corporation, partnership, nor association shall assume such title, or any words, letters, or abbreviations tending to indicate that the person, firm, corporation, partnership, or association using the same is a certified public accountant, except that a bona fide partnership, all members of which are certified public accountants, under the laws of this state may use the term "Certified Public Accountant" provided that such partnership annually reports its entire personnel to the Board of Accountancy.

Section 8. Be it further enacted, that the Board of Accountancy may, within its discretion, waive the examination of and issue a certificate as a certified public accountant to any person possessing the qualifications as stated in section 7 hereof, who is the holder of a valid and unrevoked certificate as a certified public accountant issued under the authority of the laws of another state or territory of the United States, provided the applicant has complied with the provisions of this act and the rules of the Board, the requirements for which certificate are, within the option of the Board, equivalent to the requirements of this state, and the Board may by reciprocity agree with such other state or territory to grant similar privileges to certified public accountants of this state. A uniform fee of \$25 shall be charged by the Board for each such certificate issued under the authority of the provisions of this section.

Section 9. Be it further enacted, that each certified public accountant holding a certificate issued under this or any prior act shall register with the Board and pay a renewal fee of \$5 in each calendar year, such registration and the payment of said fee to be in the month of December for the year next following, provided that any holder of a certificate obtained within any calendar year shall at once register and pay the fee in full. In evidence of

such registration and payment, the secretary of the Board shall issue to such person a receipt certifying that he is a certificate holder so registered and in good standing for that respective calendar year. Provided, that if any holder of a certificate fails to register with the Board and pay the annual renewal fee before the first day of January of any year, he shall be automatically suspended and notice of his default and suspension shall be sent to him by registered mail at his last known address. A return receipt shall be required on each notice so mailed. Provided, that any such suspended holder of a certificate may be reinstated at any time by the Board upon the payment of an annual renewal fee for each year or part thereof during the period of suspension, plus a penalty of 50 per cent of the total amount owing.

Section 10. Be it further enacted, that the Board of Accountancy may revoke or suspend any certificate issued by it under the authority of this or any prior act, if the holder thereof shall: (1) be convicted of any felony; (2) be declared by any court of competent jurisdiction to have committed any fraud; or (3) be declared by any court of competent jurisdiction or commission to be insane or otherwise incompetent; (4) be held by the Board to be guilty of any unprofessional conduct, dishonesty, malpractice, or any act which renders him unfit to be a certified public accountant, provided he shall have first had a full hearing by the Board; (5) in case a certificate shall have been issued to the holder thereof on account of his holding a certified public accountant certificate of any other state or territory of the federal union which has, after the issuance of a certificate from this Board, in any way depreciated the standard or equivalent of its privileges or requirements in accordance with the provisions of this act; provided written notice of the call of such contemplated action and the date of the hearing by the Board shall have been sent by registered mail to

the holder of such certificate at his last known address at least thirty days prior to the hearing, with a return receipt requested. The Board of Accountancy shall have power to sit as a trial board, to summon witnesses and compel their attendance, to administer oath, and to pass judgment upon its members, and any member cited by the Board under the provisions of this act shall be entitled to be represented by counsel and make defense as may be proper. At all such hearings the Attorney General of the state, or one of his assistants designated by him, shall sit with the Board as legal counselor and advisor of the Board and prepare any legal action that may be determined upon by the members of the Board.

Section 11. Be it further enacted, that nothing contained in any of the provisions of this act shall be construed to prevent any person from being employed or practising as an accountant within this state when such person so employed does not in any manner imply that he is a certified public accountant. All certificates issued under the authority of this act and chapter 33, public acts of 1925, and all prior acts, shall be subject to the provisions of this act as if issued under the authority of this act.

Section 12. Be it further enacted, that certified public accountants practising in this state shall not divulge, nor shall they in any manner be required to divulge, any information which may have been communicated to them or obtained by them by reason of the confidential nature of their employment. The information derived as a result of such professional employment shall be deemed to be confidential, except that nothing in any section of this act shall be construed as modifying, changing, or affecting the criminal and bankruptcy laws of this state or of the United States.

Section 13. Be it further enacted, that if any person undertakes to practise as a certified public accountant

without first having registered with the Board and receiving a certificate and without having paid the annual renewal fee as provided for in this act, or if he shall represent himself to the public as having received a certificate as provided under the provisions of this act, or if he shall falsely hold himself out as having qualified and having received such certificate without actually having received such certificate, or if having received a certificate he shall continue to practise as a certified public accountant after said certificate shall have been revoked or suspended by the Board, or if any person shall otherwise violate or attempt in any way to evade the provisions of this act, he shall be deemed guilty of a misdemeanor and, upon conviction, shall be fined not less than \$50 or more than \$250.

Section 14. Be it further enacted, that the Board of Accountancy shall elect annually from its membership a president, a vice-president, and a secretary.

Section 15. Be it further enacted, that the secretary shall have charge of the office of the Board of Accountancy and shall attend to all routine matters, and have custody of all of the funds of the Board. Such secretary, upon election by the Board, shall execute with some state approved surety company a straight fidelity bond in the sum of not less than \$5,000 payable to the State Board of Accountancy, and the premium of said bond shall be paid out of the funds of the Board. Said bond so executed shall provide for the faithful performance of all duties of said secretary and for the true and faithful accounting of all moneys of the Board coming into his hands. The secretary shall also keep a full and complete minute record of all actions of the Board, in a minute book, and such minutes shall be approved by the Board and shall be a public record. The secretary shall be entitled to have and receive a salary to be fixed by the Board and not to exceed \$75 per month.

Each member of the State Board of

Accountancy shall be entitled to receive as compensation the sum of \$10 per day when actually engaged in the business of the Board and, in addition thereto, shall be entitled to all necessary hotel and traveling expenses provided that in case of litigation for or on behalf of the Board the attorney member shall be paid such additional compensation for legal services rendered the Board as the Board in its discretion shall think proper.

All compensation and expenses of the Board shall be paid out of the funds of the Board.

Section 16. Be it further enacted, that if any provision of this act shall by any court of competent jurisdiction be declared to be unconstitutional and invalid, such shall not be construed as invalidating the remaining provisions of the act but shall only affect the section, paragraph, or clause upon which such decision is based.

Section 17. Be it further enacted, that all prior laws or parts of laws, or amendments thereto, in conflict with this act are hereby specifically repealed.

Section 18. Be it further enacted, that this act take effect from and after its passage, the public welfare requiring it.

Approved, February 27, 1939

UTAH

The following bill was enacted before adjournment March 11th, and has been approved:

HOUSE BILL NO. 214

(Regular Session)

AN ACT amending section 79-1-5, revised statutes of Utah, 1933, relating to the functions exercised by director and committees of the department of registration and their enumeration.

Be it enacted by the Legislature of the State of Utah:

Section 1. Section 79-1-5, revised statutes of Utah, 1933, is amended to read:

79-1-5. The functions of the department of registration shall be exercised by the director of registration and, when so provided, in collaboration with and with the assistance of representative committees of the several professions, trades, and occupations as follows:

(1) For accountants, a committee of three competent public accountants who shall have been engaged in the practice in this state for at least three years. . . .

Approved March 21, 1939

Correspondence with Australia

The following letter has been received from a firm of accountants in Australia desiring correspondents in America:

Editor, THE CERTIFIED PUBLIC ACCOUNTANT:

DEAR SIR: May we seek your coöperation?

We are a firm of practitioners—of the younger generation—and in common with other progressive firms believe that there should be a greater exchange of ideas between America and Australia.

With this view in mind we are writing to ask you if you could put us in touch with a practitioner or firm of practitioners with whom we could correspond and exchange ideas, thoughts, and notes on current practice in both our countries.

Any effort on your part in this matter will be very much appreciated, and at any time we will be glad to return the favor.

Wishing you the compliments of the season,

Yours faithfully,
HENSON, GATES & Co.
26 O'Connell St.
Sydney, Australia

Announcements

Proskauer, Rose & Paskus, of New York, announce the admission of Burton A. Zorn as a member of the firm.

Joseph P. Walsh, of New York, N. Y., announces the opening of offices at 55 Liberty St., New York, N. Y.

T. Coleman Andrews, of Richmond, Va., on March 8th addressed the Citizens Road League of Georgia at Atlanta, Ga., on the dangers of diversion of road money and the need for organizations of citizens to fight the trend toward diversion of road money. On March 21st and 22nd he addressed the Virginia Municipal Finance Officers' School, in Richmond, Va., on the subjects, "Collection of Taxes" and "Auditing of Expenditures."

T. Harlow Andrews, of Albany, N. Y., has been appointed administrative finance officer in the division of placement and unemployment insurance, State of New York.

John L. Carey, secretary of the Institute, participated in discussion of various vocations at a meeting of senior students at the Richmond Hill High School, New York, on March 16th. He outlined briefly the field of bookkeeping, corporation accounting, and public accounting, and answered questions on these subjects.

J. R. Cowan, of Tulsa, Okla., addressed the annual Commerce Day meeting of the Oklahoma Agricultural and Mechanical College, February 24th on the subject, "Planning the Audit."

Walter B. Gibson, of Los Angeles, Calif., has been elected president of the Los Angeles Pension Commission.

Early L. Gilbert, of Lansdale, Pa., recently spoke on the subject, "You and Your Income Tax," before the Bucks County Bankers Association of Doylestown, Pa.

Louis Glickman, of New York, N. Y., on January 24th addressed the Association of Commercial Discount Companies at the Hotel Astor, New York, on the application of the provisions of the personal-holding-company income-tax law to finance corporations.

Clyde H. Hunter, of Quincy, Ill., addressed the local chapter of the American Institute of Banking at Quincy on March 23rd, on the subject, "What a Banker Should Look for in a Balance-Sheet."

Joseph M. Lowery, of Los Angeles, Calif., on March 7th gave a radio address on the subject of tax refunds over station KFAC.

John L. McKewen, of Baltimore, Md., has joined the faculty of the evening school of business economics, Johns Hopkins University, as instructor in specialized accounting.

Charles Melvoin, of Chicago, Ill., spoke on a coast-to-coast broadcast on the Columbia Broadcasting System network from station WBBM, Chicago, on "Income Tax Economies."

Ernest O. Palmer, of Chicago, Ill., on March 21st addressed the Hotel Accountants Association of Chicago on Treasury decision 4422.

Professor Earl A. Saliers, of the University of Louisiana, recently gave four radio addresses on income taxation over station WJBO, Baton Rouge, La.

C. Oliver Wellington, of New York, N. Y., recently delivered an address before the Canadian Society of Cost Accountants and Industrial Engineers at St. Catharines, Ontario, on the responsibility of the accountant to management.

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of The American Institute of Accountants

MAY 1939

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Annual Meeting

Meeting of Council

Nominations

Accounting Clinic

Ohio Institute on Accounting

Regional Conferences

Platform of a State Society President

15¢ a Copy

Published Monthly

\$1 a Year



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Officers 1938-1939

THE AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

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THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of The American Institute of Accountants

Annual Meeting

PLANS for the 1939 annual meeting of the Institute have progressed to the point where it is possible to assure members that their attendance will be rewarded by technical sessions of extraordinary interest and by entertainment in keeping with the best traditions of California hospitality. The dates are September 17th to 22nd, and the headquarters, the Fairmont Hotel, San Francisco. The Golden Gate International Exposition will still be in progress and special arrangements will be made for entertainment of Institute members on what will be known as "Accountants' Day." Members are strongly urged to make their plans early and especially to consider the possibility of combining a summer vacation with attendance at the annual meeting and a trip to the exposition.

Whereas in papers presented at the 1938 annual meeting emphasis was put upon questions of accounting procedure and principle, it is expected that at the 1939 meeting auditing questions will receive most attention. Plans are necessarily tentative at this early date, but several distinguished guest speakers have already accepted invitations to appear on the program, and of course many members of the Institute will present technical papers and participate in round-table discussions.

There will also be the usual meetings of the Advisory Council of State Society Presidents and of the Association of Certified Public Accountant Examiners to add interest.

Bearing chief responsibility for arranging the meeting are the committee on meetings of the Institute and the several cooperating subcommittees of the California Society of Certified Public Accountants. Following are the members of the Institute committee: A. DeWitt Alexander, *chairman*, James E. Hammond, George R. Keast, Louis Hubbard Penney, J. B. Scholefield, and Frank G. Short. The subcommittees are as follows: registration—Emile R. Niemele; technical sessions—Albert J. Watson; banquet and banquet seating—Anson Herrick; golf—George R. Keast; tennis—H. Vannoy Davis; reception (to be announced); local transportation—Harry J. Cooper; entertainment—Norman L. McLaren; finances—James E. Hammond; and ladies—Mrs. Anson Herrick.

Platform of a State Society President

BY EDWARD B. WILCOX

President, Illinois Society of Certified Public Accountants; Chairman, Advisory Council of State Society Presidents

WITH my term of office more than half gone, it may be a trifle late to announce a platform. However, that is what I propose to do, and I submit in justification that it could not have been announced when I was running for office, since I did not run. If further justification is needed, it may be found in the reflection that every member of the society, whether he be its president or not, might well have in mind a platform, or program of activities and development, which he believes the society should adopt.

There should be no need of current reminders to emphasize the importance of accountants' organizations and the genuine significance of problems of the profession. Active attention to such matters and continued progress and growth are the only alternatives to decadence. In the responsibility for such progress and growth, the Illinois Society of Certified Public Accountants has necessarily a large share. It is the fourth largest state society in the United States, and there are, within the borders of Illinois, not only the second largest business and financial center in the country, but more certified public accountants than there are in any other state except New York. My platform is therefore based on the premise that this society is important, and that it has significant responsibilities to the profession and to the public which that profession serves. Briefly, the platform is as follows:

1. Increase the membership.
2. Organize the society for greater effectiveness.
3. Encourage education and the development of standards of practice.
4. Secure improved recognition of accountancy as a profession.
5. Abolish competitive bidding.
6. Establish a headquarters for the society.

Although not an end in itself, membership is a means to effectiveness and for this reason it seems to me important that the Illinois Society of Certified Public Accountants should be the second and not the fourth largest state society in the country. This cannot be brought about by mere membership drives and nothing else, but given an active membership committee, which we already have, I believe membership will result from activity, service, and prestige of the society. I, therefore, conceive of this plank as depending on the rest of the platform.

Plank number two concerns the organization and administration of the

NOTE.— This paper is reprinted from the March issue of the *Bulletin of the Illinois Society of Certified Public Accountants*, where it appeared as the president's Column.

society. Under present arrangements, the terms of all officers, directors, and committees expire simultaneously on August 31st of each year. This results in a period of reorganization during which there is no provision for the functioning of the society, and there is an annual loss of time and continuity. I therefore believe it would be advisable to appoint committees for longer terms than one year. In connection with this thought, I believe that the Illinois Society should increase the number of its committees in order to parallel and supplement the work of the American Institute of Accountants. I believe it is important that accountants appear to be united in their aims and purposes, and that their unity will be made apparent by active coöperation of state societies with the Institute in all matters pertaining to affairs of the profession. I do not contemplate an immediate expansion of the number of committees, but rather the addition of committees from time to time as specific needs are recognized. This number of the *Bulletin* announces the appointment of a committee on public relations, and it is my hope that others will follow. The appointment of more committees will mean a more active membership and, therefore, a more interested membership. The longer term of office of committee members will, I believe, result in more active assumption of committee responsibility than is probable during a term of office limited to one year.

My third plank is based on the belief that one of the responsibilities of the profession is to maintain standards of practice which will justify public respect and confidence. I know of no way to meet this responsibility unless a majority of the members of the accountants' societies wish to do so. I believe that the essential ingredient in any accounting engagement is the intangible quality of fitness on the part of the individual in charge of the engagement. All the prescribed procedures in the world are worthless if the men who apply them are not fitted for their responsibilities. If this is true, it follows that firms and organizations of accountants should provide and encourage educational programs to develop such qualities of fitness. The Illinois Society of Certified Public Accountants can arrange meetings for technical discussions by members, round-table talks, accounting clinics, or whatever form of educational meetings are desired, if only they are desired. The *Bulletin* can become a forum for discussion of technical subjects, if the members desire to make it one. I believe that activities of this sort can and should arise only in response to popular demand, and I hope that this demand will soon be felt.

I note that President Scovill said, in his report last fall, that there were many things for the society to do in carrying out one of the objects of the organization stated in its charter, namely, to secure the proper recognition of the practice of accountancy as a profession. To this end, activities of committees dealing with other groups have been continued. The publication of this *Bulletin* and the appointment of a committee on public relations represent new steps in this direction. This part of my platform

calls for extension and development of that which has been begun. I believe that recognition, like the problem of membership, is largely interdependent with other activities of the society. Given an active committee on public relations, I believe that recognition will follow increased membership, greater activity, better service in the public interest, and high standards of performance by accountants.

Competitive bidding for accounting engagements is a practice which can only reflect discredit on accountants, and which tends to undermine standards of performance. It has been condemned in varying degrees by several state societies, by the American Institute of Accountants, the Municipal Finance Officers' Association, and other bodies. In December, 1937, Clem W. Collins, president of the Institute, said, "So long as accountants will permit their profession to be cheapened by participating in competitive bidding, just so long will it be necessary to keep up the fight against the practice." This subject is only a part of the general problem of professional ethics, and I do not mean to imply that it is the most important aspect of that general problem. Discontinuance of the practice of competitive bidding is, however, a step which I believe should now be taken by the society in extending the rules of ethics to meet changing conditions, and the growing dignity and responsibilities of the profession.

In advocating the establishment of a headquarters for the society and the employment of a paid secretary, I am merely continuing a discussion which has been going on for many years. I add my voice to the clamor on behalf of the project because I believe the society can well afford it; because a competent full-time secretary can furnish valuable services to members, insure greater continuity of activities, further desirable public relations, and add to the prestige of the society and the profession; because all these things will lead to increased membership and to greater usefulness and effectiveness of the society; and finally because I know of no adequate objection. This is a discussion in which I think the entire membership of the society should take part.

Conforming to the ingrained habit of accountants to insert qualifications and disclaimers in their remarks, I wish to make clear that the foregoing suggestions are my own. I have previously confessed my belief that it is appropriate to provide a column through which the president may speak to the membership, and I promised to refer to specific matters in this way. I have carried out that promise. I wish to acknowledge my debt and admit my plagiarism to the extent that many of the thoughts I have expressed are contained in the report of President Scovill, published in the 1938-1939 *Yearbook* of the society. I submit my platform, not as a full statement of the proper aims or activities of the society, in the order of their importance, but as an opinion indicating the most desirable steps to be taken at the present time. My platform is not a statement of "what we should be," but rather, "where should we go from here."

The American Institute of Accountants

Meeting of Council

The regular spring meeting of council of the American Institute of Accountants was held at the Waldorf-Astoria Hotel, New York, N. Y., on May 8th and 9th. Interim reports of officers and committees were presented and there was discussion of matters of policy and procedure. Many members of the Advisory Council of State Society Presidents attended the meeting by special invitation. The meeting was held in May rather than in April as had been customary, so that the members could visit the New York World's Fair which opened on April 30th. A more detailed description of the meeting will be included in the June issue of this bulletin.

Trips by Institute Officers

As announced in the last issue, John K. Mathieson, vice-president of the Institute, in the latter part of March and early April attended meetings of state societies of certified public accountants in Arkansas, Georgia, Kentucky, North Carolina, South Carolina, and Tennessee. Lewis Ashman, vice-president of the Institute, addressed a meeting of the Milwaukee Chapter of the Wisconsin Society of Certified Public Accountants on April 20th. Clem W. Collins, president of the Institute, and John L. Carey, secretary, attended state society meetings in Boston, Hartford, Philadelphia, Washington, D. C., New York City, Rochester, and Buffalo. A detailed reporting of these visits by Institute officers will be included in a subsequent issue of THE CERTIFIED PUBLIC ACCOUNTANT.

Nominations

The Institute committee on nominations has concluded that the following states should be given representation in the elections to the council at the next annual meeting: Georgia, Illinois, Kentucky, Louisiana, Pennsylvania, Virginia, and Washington.

On May 9th the committee addressed a letter to members in these states asking that suggestions for nominations be forwarded to the committee for its guidance. The committee also addressed a letter to state society presidents in the states named, asking coöperation in obtaining suggestions from members.

Eastern 4-States Accounting Conference

Announcement has just been made by the committee in charge of arrangements for the Eastern Four-States Accounting Conference to be held at the Claridge Hotel in Atlantic City on May 19th and 20th that the program has been completed. The conference, for which the theme is "Accounting in the Public Interest," has been announced as the most important accounting event in the East this year.

Four state societies of certified public accountants and the American Institute of Accountants have coöperated in planning for the conference. The state groups are the societies of certified public accountants of Connecticut, New Jersey, and New York, and the Pennsylvania Institute of Certified Public Accountants. John A. Conlin,

president of the New Jersey Society, will be general chairman of the meeting. Orin O. Roundy, of Newark, is chairman of the conference committee.

After a "get-together" breakfast, the Eastern Four-States Accounting Conference will open at 9:30 on the morning of May 19th with a message of welcome on behalf of the New Jersey State Society, the host organization, by President Conlin. Then will come an outline of the purposes of the meeting by Mr. Roundy and a message from the American Institute of Accountants, spoken by John L. Carey, Institute secretary. Following Mr. Carey, will come Victor H. Stempf, president of the New York State Society of Certified Public Accountants, who will deliver the keynote address, under the title "Our Theme—Accounting in the Public Interest."

After Mr. Stempf has spoken, the principal address of the morning will be delivered by the Honorable Joseph C. O'Mahoney, United States Senator from Wyoming and chairman of the Temporary National Economic Committee.

Following the opening session, there will be a conference luncheon at which Willard Thorp, special assistant to the Secretary of Commerce, will speak on "Basic Trends in Our Economic Development." Mr. Thorp will be introduced by Harry Ness, president of the Pennsylvania Institute of Certified Public Accountants.

In the afternoon of May 19th, there will be an accounting clinic, with C. Whitford McDowell, chairman of Philadelphia Chapter of the Pennsylvania Institute of Certified Public Accountants, presiding. The first clinic event will be a discussion of inventories and receivables. Maurice E. Peloubet, of New York, will present the principal paper on inventories. Commentators,

or discussion leaders, following Mr. Peloubet will include P. W. R. Glover, of New York.

At this same clinic session, the principal paper on accounts receivable will be presented by Charles H. Towns, of New York. Commentators on the program with Mr. Towns will include J. Arthur Marvin, of New York, and A. B. Cipriani, of Pittsburgh.

The second session of the accounting clinic will be devoted to discussion of the accountant's report and certificate. Samuel J. Broad, New York, will present the principal paper. Commentators will be William D. Cranstoun, and William H. Bell, both of New York.

Closing the accounting clinic on the morning of May 19th will be a discussion on "An Accountant's Responsibility to the Public," with the principal paper presented by J. William Hope, of Bridgeport, Conn., past president of the Connecticut Society. Commentators following Mr. Hope will be William F. Dobson, of Wilkes-Barre, Pa., and Charles F. Coates, of Hartford, Conn.

The conference committee has arranged to leave the evening of Friday, May 19th, free for recreation. On Saturday morning, following a second "get-together" breakfast, there will be another accounting clinic opening at 9:30 o'clock. The chairman will be D. Walter Morton, chairman of Syracuse Chapter of the New York State Society of Certified Public Accountants.

The first period of this accounting clinic will be given over to discussion of accounting problems of public utilities, with the principal paper presented by D. M. Livingston, of Philadelphia. Commentators will be Will-A. Clader, of Philadelphia, and Henry A. Horne, of New York.

Accounting problems of industrial corporations will be the discussion topic at the second period of the accounting

clinic. A. Karl Fischer, of Philadelphia, will present the principal paper, and the commentators will be Andrew Nelson, of New York, and Henry Knust, of Hartford. A third clinic period then will be given over to discussion of "Problems and Procedure in Bank Auditing," with Chester Hoyt, of Newark, N. J., presenting the paper. Commentators on the program with Mr. Hoyt will be William H. West, of New York, and Thomas N. Herreid, of Pittsburgh.

Following the accounting clinic on Saturday morning, will be the second conference luncheon, at which J. William Hope, acting for Guy Cambria, of Middletown, Conn., president of the Connecticut Society, who is ill, will introduce Henry H. Heimann, executive manager of the National Association of Credit Men. Mr. Heimann's subject will be "Brakes or Break-up?"

In the afternoon of Saturday, May 20th, there will be a general session of the conference, with John K. Mathieson, of Philadelphia, a vice-president of the American Institute of Accountants, presiding. He will first introduce Maxwell E. McDowell, head of the tax department of the Standard Oil Company of New Jersey, who will speak on a "Survey of Current Developments in Federal Taxation." Discussion leaders following presentation of Mr. McDowell's paper will be Michael D. Bachrach, of Pittsburgh, and Francis P. Byerly, of New York.

After Mr. McDowell, will come George P. Ellis, of Chicago, member of the special committee on governmental accounting of the American Institute, who will speak on "Municipal Accounting to Safeguard the Public Interest." Commentators on the program with Mr. Ellis will be Walter R. Darby, Commissioner of Local Government of

the State of New Jersey, and Ellsworth C. Palmer, of Easton, Pa.

The next topic on the general session program will be "The Natural Business Year—Aid to Management," with the principal paper presented by Charles E. Fernald, of Philadelphia. William R. Donaldson, of New York, will be the commentator following Mr. Fernald's presentation. A fourth discussion topic included in the general session program will be "Building and Loan Accounting in the Public Interest." The paper will be presented by Frank S. Glendening, of Philadelphia, who is chairman of the special committee on savings-and-loan accounts of the American Institute. Commentators in this discussion will be Douglass D. Besore, of Atlantic City, and James W. Hickey, of Hartford.

The Eastern Four-States Accounting Conference will come to a close on Saturday evening, May 20th, with a dinner at which Chairman John A. Conlin will preside. The principal speaker will be Thomas Tarleau, Legislative Counsel of the United States Treasury Department. His address will be followed by a summary of the conference proceedings to be presented under the title "What We Have Heard and Learned at This Conference," by Victor H. Stempf.

Through Chairman Roundy, the conference committee has announced that registration at the sessions will be open to everyone, not only certified public accountants, but business executives, bankers, credit men, building-and-loan executives, attorneys, and others. The registration fee for the conference has been set at \$8 for men, including the two luncheons and the dinner, and \$6 for ladies, including two luncheons, the dinner, and other events.

Annual Meeting Proceedings

Technical papers presented at the last annual meeting of the American Institute of Accountants held September 26th to 29th, 1938, at Cincinnati, Ohio, were published during May in the form of a 256-page book entitled *Papers on Accounting Principles and Procedure*. A copy of this book was distributed without charge to each member of the Institute. In addition, copies are offered for sale at one dollar each.

Election of Members

In the absence of protest, the president has declared elected as members and associates, respectively, forty-eight applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot. Following are the new members and associates:

ADVANCED TO MEMBERSHIP

Herbert Retzlaff, Portland, Ore.
Harrar W. Taylor, Paducah, Ky.

ADMITTED AS MEMBERS

Hugh G. Arnold, Los Angeles, Calif.
Arthur Bartizal, Chicago, Ill.
Ernest A. Berg, Springfield, Mass.
Thomas J. Blair, Jr., Covington, Va.
Ralph E. Cades, Philadelphia, Pa.
Albert P. DeLyden, Geneva, N. Y.
Thomas J. Dolan, Toledo, Ohio
Sidney Fersten, New York, N. Y.
Hertha Gromme, Cincinnati, Ohio
Edward F. Haacke, New York, N. Y.
Joseph S. Haas, New York, N. Y.
Erwin Heinen, Houston, Texas
Frank T. Hodgdon, Jr., Cleveland, Ohio
Arthur M. Hollaman, Chicago, Ill.
Earl M. Johnson, Chicago, Ill.
Jerome Kappenmacher, Chicago, Ill.
Frederick J. Lambertus, New York, N. Y.
John Leighton, New York, N. Y.
Thomas C. McNeill, Dallas, Texas

John H. Mickelson, New York, N. Y.
Robert P. Nelson, Toledo, Ohio
Edwin Preston Noell, New York, N. Y.
John A. Nooney, St. Louis, Mo.
James P. Novaro, New Haven, Conn.
George E. Oefinger, San Francisco, Calif.
John F. Prinzing, Bridgeport, Conn.
Henry B. Richardson, Passaic, N. J.
Robert Richardson, Chicago, Ill.
Thomas Lee Thrasher, Richmond, Va.
Alexander V. Wenstrom, Chicago, Ill.

ADMITTED AS ASSOCIATES

John E. Auchmoody, New York, N. Y.
Frank A. Bardeen, Cleveland, Ohio
Franklin M. Beall, Baltimore, Md.
Dudley E. Browne, Burbank, Calif.
Clyde H. Burris, Chicago, Ill.
Herschel L. Burrough, Chicago, Ill.
Hayden M. Dennis, Phoenix, Ariz.
Herbert J. Everts, Memphis, Tenn.
Rex A. Godow, Chicago, Ill.
Edward F. Jannott, Albany, N. Y.
Rudolph T. Klahre, New York, N. Y.
Kosti W. Kohtala, Chicago, Ill.
Charles E. Miller, New York, N. Y.
Lawson L. Putnam, Chicago, Ill.
Emanuel Schekman, Newark, N. J.
Alvin E. Woolsey, Washington, D. C.

State Board Procedure

The Michigan State Board of Accountancy caused to be published in the April issue of *The Work Sheet*, official publication of the Michigan Association of Certified Public Accountants, a list of individuals applying to sit for the May C.P.A. examinations, accompanied by the following note:

"It is hoped that every certificate holder will carefully examine this list and advise the board, 203 State Savings Bank Building, Ann Arbor, Michigan, of any individual whom they believe should not be permitted to enter the profession. Obviously, any such notification must include a statement of facts which will enable the board to properly appraise the questioned candidate."

Accounting Clinic

As this issue went to press, an Accounting Clinic arranged by the Indiana Association of Certified Public Accountants, with the cooperation of the American Institute of Accountants, and sponsored by the College of Business Administration of Butler University, was about to open on the campus of the university at Indianapolis. Plans for the clinic were described in general terms in the April issue.

The opening session was to be held on the morning of May 12th with Professor M. G. Bridenstine, of the College of Business Administration, presiding. J. W. Putnam, president of the university, was to make an address of welcome, to which O. C. Herdrich, president of the Indiana Association, was to respond. Next on the program was to be an address by J. B. Baerncopf, of Indianapolis. After a brief recess, the meeting was to convene again with Gregory Detmer, of Fort Wayne, Ind., vice-president of the Indiana Association, presiding, to hear an address on "Accounting Principles," by Lewis Ashman, of Chicago, vice-president of the American Institute of Accountants, with discussion by Henry T. Chamberlain, dean of the School of Business Administration of Loyola University, Chicago.

At the first session of the afternoon, the presiding officer was to be E. E. Thomas, of Evansville, vice-president of the Indiana Association. Edward B. Wilcox, of Chicago, president of the Illinois Society of Certified Public Accountants and chairman of the Advisory Council of State Society Presidents, was scheduled to speak on the subject, "Problems of Federal Taxation."

At a second session, J. R. Wharton, of South Bend, was to preside during

presentation of a paper on "Standard Costs and Budgets," by J. Brooks Heckert, professor of accounting at Ohio State University, and discussion by Alva Prickett, professor of accounting at Indiana University.

At a third session, Professor Hiram T. Scovill, of the University of Illinois, was to speak on "The Natural Business Year," with Roy J. Pile, of Indianapolis, presiding.

Carman G. Blough, of Chicago, former chief accountant of the Securities and Exchange Commission, was to present the principal address at an evening dinner meeting, at which Dean M. O. Ross, of the College of Business Administration, Butler University, would preside and George S. Olive, of Indianapolis, member of council of the American Institute of Accountants, would present a brief message from the Institute.

On Saturday, May 13th, Maurice E. Peloubet, of New York, was to present a paper on "Inventories." At a second session, H. C. Anderson, of Washington, D. C., chairman of the American Institute of Accountants special committee on social-security act, was to speak on "Economic and Financial Aspects of Our Social Security Program," with William M. Madden, of Indianapolis, presiding. Mr. Anderson's paper was to be discussed by Charlton Carter.

At a luncheon meeting, with O. C. Herdrich, president of the Indiana Association, presiding, I. B. McGladrey, president of the Iowa Society of Certified Public Accountants, was to speak on the subject, "What Can Accountants Do to Help Government?" John S. Lloyd, professor of accounting at the College of Business Administration, Butler University, was to summarize the high lights of the accounting clinic.

Ohio Institute on Accounting

The second annual Institute on Accounting sponsored by the College of Commerce of Ohio State University will be held May 19th and 20th on the university campus at Columbus. The speakers will include accounting practitioners, teachers of accounting, and representatives of Government, and will be drawn from seven or more different states.

The opening session, beginning on the morning of Friday, May 19th, will be held in the Commerce Auditorium, with Homer L. Dalton, president of the Ohio Society of Certified Public Accountants, presiding. William F. McPherson, president of the university, will make an address of welcome. The topic of discussion at this meeting is to be "The Need for Uniform and Coördinated Effort in the Development of a Statement of the Principles Underlying the Practice of Accounting." Papers will be presented by Albert W. Torbet, of Chicago, and S. G. Winter, professor of accounting at the University of Iowa and president of the American Accounting Association.

At luncheon at the Faculty Club, Felix E. Held, professor of business organization at Ohio State University, will give "a humorist's slant on current events."

In the afternoon, the Honorable Thomas J. Herbert, Attorney General of Ohio, will preside during discussion of the topic, "Some Problems Common to the Practice of Law and Accounting." Papers will be presented by Lionel P. Kristeller, attorney-at-law, Newark, N. J., and chairman of the insurance section of the American Bar Association, and by F. P. Byerly, of New York, chairman of the American Institute of Accountants special committee on coöperation with bar association.

At dinner at the Faculty Club, the Honorable John W. Bricker, Governor of Ohio, will make an address on the subject, "The Need for Good Accounting in the Affairs of Government." Walter C. Weidler, dean of the College of Commerce, will preside.

The morning session on Saturday, May 20th, will be held in the Commerce Auditorium, with John T. Madden, dean of the School of Commerce, Accounts, and Finance, New York University, presiding. The subject of discussion will be "Auditing Procedure—A Development to Meet Changing Conditions." The speakers will be George D. Bailey, of Detroit, Mich., and William F. Marsh, of Pittsburgh, Pa.

The remainder of the day will be devoted to luncheon, followed by golf for those who care to play.

Central States Accounting Conference

Presentation of summaries of testimony offered by expert witnesses at the recent hearings of the Securities and Exchange Commission on auditing practice and procedure will be one of the program events at the Central States Accounting Conference to be held at the Hotel Fort Des Moines in Des Moines, Iowa, on Thursday and Friday, June 1st and 2nd. The theme of the conference, as in the cases of similar meetings in Atlantic City and Richmond, will be "Accounting in the Public Interest."

The meeting will be held jointly by the state societies of certified public accountants of Iowa, Illinois, Wisconsin, Missouri, Minnesota, North and South Dakota, Kansas, and Nebraska. The American Institute of Accountants is coöperating in planning for the meeting, whose general chairman will be I. B. McGladrey, of Cedar Rapids,

president of the Iowa Society. Fred J. Peterson, Des Moines, is chairman of the conference committee.

Events already announced for the Central States Accounting Conference will include an opening general session on Thursday morning, June 1st, following a "get-together" breakfast. Mr. McGladrey will welcome the conference to Iowa and then will introduce John L. Carey, secretary of the American Institute, who will present a greeting from that organization. Then will come an address by Peterson under the title "The Purpose and Meaning of This Conference."

The keynote address, entitled "Our Theme—Accounting in the Public Interest," will be presented by Edward B. Wilcox, of Chicago, president of the Illinois Society of Certified Public Accountants and chairman of the Advisory Council of State Society Presidents.

Following the opening session, there will be a conference luncheon at which the speaker will be Sam A. Marsh, of Washington University, St. Louis, director in charge of education of the National Association of Cost Accountants. His subject will be studies and research into the subject of internal control made by the N.A.C.A.

On the afternoon of Thursday, June 1st, there will be an accounting clinic. Its first subject will be "Accountants' Reports and Their Meaning to the Public." The principal paper will be presented by Carman G. Blough, formerly chief accountant of the S.E.C. Commentators on Mr. Blough's paper will include Roy Andreae, of Chicago; Vincent Yeager, assistant vice-president of the Harris Trust and Savings Bank, Chicago; and probably Frederick B. Andrews, of Chicago.

Next on the accounting clinic program will be discussion of "Case

Studies in Federal Taxation," with Harry Sutter, Chicago attorney, presenting the principal paper, and with Elton C. Loucks, of Omaha, and Erik C. Boye, of Kansas City, Mo., as commentators. Following this event, will be a clinic discussion of municipal accounting, with Professor Sidney G. Winter, of the College of Commerce of the University of Iowa, who is president of the American Accounting Association, presenting the paper. Mr. McGladrey will be one of the commentators on this program, and the committee has invited Fayette H. Elwell, of Madison, Wis., to be another.

The committee has left the evening of June 1st open for recreation. The program will get under way again on Friday morning, June 2nd, with the opening of the second session of the accounting clinic, following a second "get-together" breakfast. The first topic at the accounting clinic morning session will be "Fundamental Educational Requirements of the Accountant." The principal paper on this subject will be presented by Herman C. J. Peisch, of Minneapolis. The commentators on the program with Mr. Peisch will be Fayette H. Elwell, of Madison, and Dean Russell A. Stevenson, of the School of Commerce of the University of Minnesota. There will be other clinic events at the morning session on the subjects, "What Are Our Obligations to the Profession, the Public, the Client?" and "Competitive Bidding and Solicitation." Speakers and commentators for these two events are to be announced at a later date.

The second conference luncheon will be held at noon on Friday, June 2nd. The principal speaker will be Victor H. Stempf, of New York, president of the New York State Society of Certified Public Accountants, who will discuss recent studies of auditing procedure by

the American Institute of Accountants, the Advisory Council of State Society Presidents, and his own society.

Following the luncheon, there will be a general conference session devoted to the summaries of testimony offered by expert witnesses before the Securities and Exchange Commission at its recent hearings. The witnesses who will be speakers on the program are George D. Bailey, of Detroit; Charles W. Jones, of Chicago, and Hiram T. Scovill, of the University of Illinois.

A dinner on Friday night, June 2nd, will bring the Central States Accounting Conference to a close. An invitation has been sent to a noted industrial leader to be the principal speaker at the dinner. The conference proceedings will be summarized in an address by Herman C. J. Peisch, with the title, "What We Have Heard and Learned at This Conference."

Chairman Peterson of the conference committee has announced that registration at the Central States Accounting Conference is open to all certified public accountants, and to business executives, bankers, government officials, credit men, attorneys, and others.

Middle Atlantic States Accounting Conference

An address by E. F. Bartelt, Commissioner of Accounts and Deposits of the United States Treasury Department, will be one of the program events at the Middle Atlantic States Accounting Conference to be held at the John Marshall Hotel in Richmond on Friday and Saturday, June 16th and 17th. Mr. Bartelt will speak at a conference luncheon on Saturday, June 17th.

Coöperating in the holding of the conference are the state societies of certified public accountants of Virginia, the District of Columbia, West

Virginia, Maryland, and North and South Carolina. The American Institute of Accountants is coöperating actively in plans for the conference, which will have "Accounting in the Public Interest" as its theme.

The general chairman of the Middle Atlantic States Accounting Conference will be Emmett P. Dallas, president of the Virginia Society of Public Accountants. The chairman of the conference committee is Chesley S. Goldston, of Richmond, and the co-chairman is A. Frank Stewart, also of Richmond.

Speakers at the conference will include T. Coleman Andrews, Comptroller of the city of Richmond, who will present a paper on municipal accounting and act as toastmaster at the conference dinner on June 17th, and Frank A. Shallenberger, of Baltimore, formerly president of the Maryland Association of Certified Public Accountants, who will present a paper on the subject of "An Accountant's Responsibility to His Profession, to the Public, and to His Client."

An accounting clinic will be included in the conference program. There will be clinic discussion of the subject "Training and Opportunities for the Young Man in Accounting." George E. Perrin, of Greensboro, N. C., will be one of the discussion leaders under this subject. Another clinic discussion will be devoted to "Problems of the Local Practitioner," and C. Vaughan Darby, of Washington, will be one of the discussion leaders. In a clinic session on "Municipal Accounting," James L. Benson, president of the Maryland Association of Certified Public Accountants, will be a commentator, or discussion leader.

Problems of federal taxation will be another clinic discussion topic. At a general session of the conference on Saturday, June 17th, summaries of

expert testimony in the recent hearings on auditing practice and procedure held by the Securities and Exchange Commission will be presented.

It has been announced that registration at the Middle Atlantic States Accounting Conference will be open to all members of the profession of accountancy, and also to all other persons, including businessmen, bankers, lawyers, and credit men, who may be interested.

Tax Round Table

The subject, "Taxation and Recovery," is treated by *Fortune* magazine in its May issue in a "round table" which presents the views held in common by a number of individuals representative of different schools of thought. One of the contributors to the "Tax and Recovery" round table is Victor H. Stempf, chairman of the Institute's committee on federal taxation. The others are as follows:

Alfred G. Buehler, professor of economics, University of Vermont.
 Henry S. Dennison, president, Dennison Manufacturing Company.
 Joseph W. Fichter, Ohio State Grange.
 Walter T. Fisher, lawyer, Chicago, Ill.
 Marion H. Hedges, International Brotherhood of Electrical Workers.
 George Watts Hill, vice-president, Durham Dairy Products.
 Harry W. Laidler, executive director, League for Industrial Democracy.
 Gunnar Myrdal, professor of political economy and public finance, University of Stockholm.
 James M. Nicely, vice-president, Guaranty Trust Company of New York.
 Lovell H. Parker, former chief of staff, Joint Committee on Internal Revenue, Washington, D. C.
 Alexander Sachs, economist, New York, N. Y.
 Sumner H. Slichter, professor of business economics, Harvard University.

H. Boardman Spalding, former chairman, committee on government finance, National Association of Manufacturers.

H. S. Vance, chairman of board, The Studebaker Corporation.

As edited by Raymond Leslie Buell and Russell W. Davenport, of the *Fortune* staff, the article is written in the first person plural, presenting affirmatively the views upon which there is agreement, and is annotated by the individual contributors. There will be further description of this "round table" in the June issue of *The Journal of Accountancy*.

Change of Name

The California State Society of Certified Public Accountants has recently changed its name to "The California Society of Certified Public Accountants."

Meetings and Elections

Rhode Island Society of C.P.A.'s.

Date: April 18, 1939. Annual Meeting.

Place: Providence.

Elections: President—Abraham Blackman, of Providence.

Vice-president—Carl W. Christiansen, of Providence.

Secretary-Treasurer—William B. M. Miller, of Providence.

Speaker: J. William Hope, past president of the Connecticut Society of C.P.A.'s on "An Accountant's Responsibility to the Public."

Society of Louisiana C.P.A.'s.

Date: April 20, 1939. Annual Meeting.

Place: New Orleans.

Elections: President—Lucien J. Moret, of New Orleans.

Vice-president—John A. Peyroux, Jr., of New Orleans.

Secretary—George A. Treadwell, of New Orleans.

Treasurer—Harry J. Williams, of New Orleans.

Government Accounts

At the request of the Institute's committee on governmental accounting, E. F. Bartelt, Commissioner of Accounts and Deposits, U. S. Treasury Department, has extended to the members of the Institute the opportunity of inspecting the Treasury's branch accounting offices in their particular states to observe the Government's modern accounting and disbursing activities in connection with the operation of the Work Relief Program. It will be possible to observe at first hand the methods by which the Treasury has issued 277,000,000 checks, and accounted for disbursements totaling \$10,196,674,848 in less than four years.

Visits can be arranged by writing John L. Carey, secretary of the Institute.

Annual Meeting of Louisiana Society

The Society of Louisiana Certified Public Accountants held its annual meeting at the Jung Hotel, New Orleans, on April 20th. The meeting was convened at 10:00 A.M., with Edward S. Rittler, president of the Society, presiding.

The morning session was devoted to the election of officers and other matters of business. The names of the newly elected officers are published on page 13 of this bulletin.

At the luncheon which followed the morning session, John L. Carey, secretary of the American Institute of Accountants, was guest speaker. Mr. Carey discussed current problems of the profession.

During the afternoon a golf tournament was held at the Audubon Golf Club and a tennis tournament at City Park. John A. Peyroux, Jr., of New Orleans, was chairman of the golf

tournament, and Lloyd R. Marks, of New Orleans, was chairman of the tennis tournament.

Brigadier General James E. Edmonds, who had recently returned from a tour of more than thirty foreign countries, was the principal speaker at the annual banquet of the Louisiana Society held that evening at the Jung Hotel. The secretary of the Institute also spoke at that time. Harry J. Williams, of New Orleans, was chairman of the arrangements committee.

Beta Alpha Psi Notes

DELTA CHAPTER

University of Washington, Seattle

Walter A. Bowers, executive assistant to the Commissioner of Accounts and Deposits of the United States Treasury Department, gave a talk before the Delta Chapter on March 7th, in which he described the accounting system of the Federal Government. Ralph A. Wilhelm, of the Seattle branch of the Treasury Department, also attended the meeting.

At the April 4th meeting, Alton Peterson, a practising accountant, suggested methods of handling problems arising under the social-security act. O. E. Draper, permanent vice-president of the chapter, gave a synopsis of this law.

On April 18th Pearce C. Davis, Seattle practitioner, told the group what he considered to be the most important qualifications of a junior accountant.

MU CHAPTER

New York University, New York

Hermann C. Miller, secretary-treasurer of the Grand Council of Beta Alpha Psi, gave a short talk before the Mu Chapter at a banquet held at the Hotel Wellington on April 15th.

PHI CHAPTER

Louisiana State University, Baton Rouge

Hermann C. Miller represented the Grand Council of Beta Alpha Psi at the installation of the Phi Chapter of the fraternity at Louisiana State University at a meeting held April 1st. The new chapter has twenty-one active members. At this meeting the following honorary members were initiated: Emile Bienvenu, Edward J. DeVerges, Robert B. Hawthorn, Henry J. Miller, and Louis H. Pilié, all members of the American Institute of Accountants, and Professor Melvin G. Dakin, of Louisiana State University. Professors Daniel Borth, Jr., and Earl A. Saliers will act as faculty advisors of the new chapter. Both are members of the American Institute.

PI CHAPTER

Cleveland College, Western Reserve University, Cleveland

Mr. Miller, as representative of the Grand Council, attended a meeting of Pi Chapter on April 22nd. Henry M. Kimpel addressed that chapter on the problems relating to municipal accounting and his experiences as the chief accounting officer of the city of Cleveland Heights, Ohio.

THETA CHAPTER

University of Texas, Austin

On March 23rd Theta Chapter also sponsored a lecture by Walter A. Bowers. Speaking on the general method of government accounting used by the Federal Government, Mr. Bowers emphasized developments since emergency relief expenditures began in 1933. He pointed out definite advantages to be gained by adopting for other operations of the Federal Government the efficient and economical methods developed in the emergency relief program.

The members of Beta Alpha Psi entertained Mr. Bowers and Mr. R. J. Landers, accountant-in-charge, State Accounts Office, San Antonio, at an informal luncheon held at the Texas Union on March 23rd.

A Novel Report

Following is the text of a report, a copy of which was sent to the offices of the Institute by a member who thought that it might be of interest to readers:

BLANK AND COMPANY

Public Accountants and Auditors

February 27, 1939

MR. JOHN J. DOE,
A.B.C. Company,
Pennsylvania

DEAR SIR:

We have completed the General Ledger Trial Balance Audit for the A.B.C. Company as of December 31, 1938. No detailed audit was made of any transactions, but from observation and the accounting method employed, we feel confident that the affairs of the company have been properly taken care of and herewith submit to you the following:

Schedule 1—The Balance-Sheet as of December 31, 1938 which shows the financial condition of the company as of that date.

The items of Assets and Liabilities are set up under Current, Fixed and Deferred in order to show the relation of Current Assets to Current Liabilities and the Fixed and Deferred Assets to Capital and Surplus Deficit.

Schedule 2—The Income and Profit and Loss Statement for the year ending December 31, 1938.

This is arranged to show the operations of each department.

The TOTAL INCOME from all departments for the year was \$76,-110.99 and the TOTAL EXPENSES

were \$92,319.13 showing a Loss for the year of \$16,208.14.

We regret to show this condition, but it cannot be helped and you must take it on the chin as others are doing, with the hope that business will soon adjust itself and with confidence restored, the future will have a better outlook.

Respectfully,
BLANK AND COMPANY
Public Accountants and Auditors

Institute Pamphlets

The following pamphlets are available in limited number, without charge, to members of the American Institute of Accountants:

Special Applications of Discounting

By William A. Paton (1928)

Problems of Interstate Practice

By Will-A. Clader (1934)

Present-Day Problems Affecting the Presentation and Interpretation of Financial Statements

By Arthur Andersen (1935)

The Influence of Accounting on the Development of an Economy

By George O. May (1935)

Principles of Accountancy Legislation

By Charles H. Towns (1937)

Tax "Avoidance" and Tax "Evasion"
Editorial from *The Journal of Accountancy*, July, 1937

Proposed Changes in Federal Revenue Law

By American Institute of Accounts committee on federal taxation (1937)

The Natural Business Year (1937)

"A Means to Efficiency"

"Its Advantages to Business Management"

"Suggested Natural Fiscal Closing Dates"

The following pamphlets are available at the prices indicated:

Accountants and the Securities Act..... 15¢

By Spencer Gordon (1933)

Federal Regulation of Family Settlements..... 15¢

By Roswell Magill (1937)

The Future of Professional Accountancy..... 15¢

By Warren W. Nissley (1937)

Progress Toward Accepted Principles of Municipal Accounting.. 15¢

By Lloyd Morey (1937)

The Undistributed Profits Tax and Stock Dividends and Stock Rights..... 15¢

By Ellsworth C. Alvord (1937)

Addresses presented at the conference on municipal accounting and finance of the American Institute of Accountants, Chicago, March 28 and 29, 1938. Supplement to the proceedings: "Accounting Controls in the Federal Government" by E. F. Bartelt..... \$1.00

Massachusetts Society

On March 27, 1939, the Massachusetts Society of C.P.A.'s held its annual educational meeting in Boston at the University Club. Dean John T. Madden, dean of the school of commerce, accounts and finance, New York University, and past president of the American Accounting Association, spoke on the subject, "Forty Years of Accountancy Education—Retrospect and Prospect."

Examinations

The regular spring examinations for the certified public accountant certificate were held May 11 and 12 in 35 of the 44 states and territories which participate in the Institute's plan of coöperation with accountancy boards. The percentage of passes and failures in the states for which papers are given preliminary grading by the Institute's examiners will be published in a subsequent issue of this bulletin.

Research Department

The organization of the research department of the Institute under supervision of the committee on accounting procedure is now virtually complete. Richard S. Claire, who received an M.B.A. degree at the University of Michigan in 1932 and who has had both teaching and public accounting experience, joined the research staff during April. The department is now established in offices at the Institute building. The form of organization, including division of duties among committees, and plans for study of several specific problems were reported by the committee to the council at its meeting on May 8th and 9th.

Responses to the request for contributions to finance the research department during its initial period have continued to come in during the past month. Following is a list of contributors supplementing the list published in the April issue:

VICTOR AARON, San Francisco, Calif.
GONZALO APONTE, San Juan, Puerto Rico
EDWARD J. ARCHINARD, Fort Worth, Tex.
JOSEPH B. BAERNCOFF, Indianapolis, Ind.
WALTER B. BAILEY, San Francisco, Calif.
SAM BARNETT, Los Angeles, Calif.

BATTELLE & BATTELLE, Dayton, Ohio
BAUMANN, FINNEY & Co., Chicago, Ill.

HARRY P. BAUMANN

H. A. FINNEY

ROBERT B. RIORDON

GEORGE C. BEAURY, San Antonio, Tex.

JAMES W. BONTEMS, Los Angeles, Calif.

JOSEPH C. BRAUER, Milwaukee, Wis.

WILLIAM BRINGHURST, New York, N. Y.

RICHARD L. BRINING, St. Louis, Mo.

MAURICE E. BROOKS, Dubuque, Iowa

JOHN P. BROWN, Pittsburgh, Pa.

ARMAND L. BRUNEAU, New York, N. Y.

HARRY WESLEY BURLESON, Detroit, Mich.

CHARLES J. BURNEY, Kansas City, Mo.

FREDERICK E. BURNHAM, East Hartford, Conn.

K. J. CARPENTER, Indianapolis, Ind.

LAWRENCE P. CARRON, New York, N. Y.

JESSE A. CASH, Gloversville, N. Y.

CHANDLER, MURRAY & CHILTON, Akron, Ohio

FLOYD CHILTON

HOWARD E. MURRAY

SIDNEY P. STUMP

ARTHUR T. CHASE, Boston, Mass.

A. CRAWFORD CLARKSON, Columbia, S. C.

JAMES L. COCKBURN, JR., San Francisco, Calif.

HERMAN B. COHEN, Boston, Mass.

COLLINS, PEABODY AND YOUNG, Denver, Colo.

LEON H. COOK, Akron, Ohio

OSSIE M. CORDLE, Casper, Wyo.

JAMES ROBARDS DARLING, Whittier, Calif.

R. EVERETT DAVIS, Los Angeles, Calif.

FRANK W. DIBBLE, Chicago, Ill.

FRANK E. DIXON, New York, N. Y.

THORNTON G. DOUGLAS, Los Angeles, Calif.

CLARENCE I. DRAYTON, Manchester, N. H.

H. ASHLIN DYKES, St. Louis, Mo.

EDMONDS & NAYLOR, New York, N. Y.

ALAN C. EDWARDS, Cleveland, Ohio

- C. E. ELBERSON AND COMPANY, Win-
ston-Salem, N. C.
JOHN H. ELDRIDGE, San Francisco,
Calif.
JACOB B. ELKINS, New York, N. Y.
ESCOTT, GROGAN & Co., Louisville,
Ky.
HOWARD F. FARRINGTON, Watertown,
N. Y.
ANDREW FIGEL, Indianapolis, Ind.
JUAN G. GARCIA, Central Aguirre,
Puerto Rico
H. W. GIFFORD, Topeka, Kan.
STEPHEN GILMAN, Chicago, Ill.
FRANK S. GLENDENING, Philadelphia,
Pa.
BERTRAM GOLDSMITH, New York, N. Y.
EDWARD GORE & Co., Chicago, Ill.
ARNE S. HANSEN, Seattle, Wash.
WILLIAM B. HASELMIRE, Casper, Wyo.
AUGUST A. HEUSER, Wilmington, Del.
STANLEY A. HITTNER, Cincinnati, Ohio
ROBERT M. HOLTZMAN, Philadelphia,
Pa.
J. WILLIAM HOPE, Bridgeport, Conn.
LEONARD I. HOUGHTON, Saranac Lake,
N. Y.
HARRY E. HOWELL, Providence, R. I.
JOHN H. HUGHMANICK, San Francisco,
Calif.
HURDMAN & CRANSTOUN, New York,
N. Y.
HAROLD R. CAFFYN
WOOLSEY W. CONLIN
WILLIAM D. CRANSTOUN
E. F. HAACKE
JOHN L. HARVEY
CHARLES A. HOYLER
H. W. HUNT
GEORGE C. HURDMAN
FREDERICK H. HURDMAN
ROBERT W. MORGAN
WILLIAM D. QUINN
CLARENCE F. REMER
LEOPOLD ROEDER
EMIL T. WEILER
BYRNE A. JACKSON, Chicago, Ill.
GUY P. JONES, San Francisco, Calif.
WILLIAM L. KEATING, New York, N. Y.
LINCOLN G. KELLY, Salt Lake City,
Utah
E. G. H. KESSLER, St. Louis, Mo.
KLEIN, HINDS & FINKE, New York,
N. Y.
MARSHALL G. KNOX, Indianapolis, Ind.
EDWARD Q. KRUCHTEN, Chicago, Ill.
JOHN KUNKEL, New York, N. Y.
KENNETH E. LAMBIE, Lincoln, Nebr.
LAVENTHOL & KREKSTEIN, Philadel-
phia, Pa.
LEMASTER & DANIELS, Spokane, Wash.
LESLIE, BANKS & COMPANY, New York,
N. Y.
GUSTAV O. LIENHARD, JR., New Bruns-
wick, N. J.
LOEB AND TROPER, New York, N. Y.
WILLIAM E. MASON, Chicago, Ill.
MATTISON AND DAVEY, Los Angeles,
Calif.
JOHN J. McCUE, New York, N. Y.
J. W. McCULLOUGH, Houston, Tex.
THOMAS M. MCINTYRE, Nashville,
Tenn.
McLAREN, GOODE & Co., San Fran-
cisco, Calif.
JOHN MILLER, Elizabeth, N. J.
JOHN W. MILLER, Indianapolis, Ind.
IAN MILROY, Washington, D. C.
GEORGE W. MOORE, Worcester, Mass.
MARY E. MURPHY, Iowa City, Iowa
FRANKLIN H. NELSON, Indianapolis,
Ind.
J. HENRY OEHMANN, Washington, D. C.
GEORGE S. OLIVE, Indianapolis, Ind.
JAMES C. OLIVE, Indianapolis, Ind.
LAMAR J. OTIS, Athens, Ohio
J. LEONARD PENNY, Chicago, Ill.
ARTHUR L. PODOLAK, Aurora, Ill.
POGSON, PELOUBET & Co., New York,
N. Y.
SAMUEL POP, Los Angeles, Calif.
ALVIN M. POWELL & Co., New York,
N. Y.
CHARLES BERNE
ALVIN M. POWELL
WILLIAM R. McCAFFREY
JOHN F. PRESCOTT, Raleigh, N. C.
A. M. PULLEN & COMPANY, Greens-
boro, N. C.
GEORGE E. PERRIN
ELLWOOD RAMSEY, Indianapolis, Ind.
JESSE R. RANDALL, Spokane, Wash.
ALLEN REDEKER, Denver, Colo.
F. T. RITTER, Long Beach, Calif.

HAROLD S. ROCK, Minneapolis, Minn.
MIRIAM ROSENBLUM, Albany, N. Y.
LOUIS H. ROSOFF, New York, N. Y.
GEORGE V. ROUNTREE, Chicago, Ill.
WILLIAM M. RUSS, Raleigh, N. C.
WILLIAM S. SALWAY, New York, N. Y.
H. ALBERT SAYRE, Chicago, Ill.
JAMES J. SCARBOROUGH, Jr., Birmingham, Ala.

OTTO A. SHULTS, Rochester, N. Y.
SIMONOFF, PEYSER & CITRIN, New York, N. Y.

RALPH W. SNYDER, Indianapolis, Ind.
STAGG, MATHER & HOUGH, New York, N. Y.

F. R. CARNEGIE STEELE
JOSEPH STINE, Indianapolis, Ind.
CHARLES F. SUTOR, La Crosse, Wis.
GEORGE O. SWEZEY, New York, N. Y.
GEORGE M. THOMPSON, Los Angeles, Calif.

TROY G. THURSTON, Indianapolis, Ind.
TIMPSON, MAYHEW & BRISSMAN, Oakland, Calif.

ALEXANDER L. TINSLEY, Plainfield, N. J.

TOUCHE, NIVEN & Co., New York, N. Y.

FRANCIS BARRETT
WILLIAM C. BECHERT
ROGER BOULOGNE
ROBERT B. BROWN
ROBERT CHARLES BROWN
THOMAS W. BROWN
FRANCIS J. CLOWES
J. P. FRIEDMAN
C. HERBERT GALE
JOHN S. HAGBERG
CAROL F. HALL
JESSE F. KAUFMANN
C. ALVIN KOCH
ROLAND H. KOLMAN
JOSEPH E. KREJCU
GEORGE J. LEHMAN
GEORGE C. LUDOLPH
GEORGE B. McCANN
GEORGE A. MENDES
HENRY E. MENDES
WALTER A. MUSGRAVE
JOHN B. NIVEN
J. A. NOONEY
ERNEST O. PALMER
JOHN L. PEPER

EDWARD L. PITT
GEORGE REA
NICHOLAS SALVATORE
VICTOR H. STEMPE
HENRY C. STEPHENS
EDGAR L. UNZICKER
EDWIN H. WAGNER
EDWIN H. WAGNER, JR.
THOMAS WATT

ROBERT S. WAUGH
LOUIS W. WEBSTER
CHARLES R. WHITWORTH

TILLMAN B. TROTTER, Houston, Tex.
WALL, CASSEL & EBERLY, Dayton, Ohio

MERVYN B. WALSH, Detroit, Mich.
WARD, FISHER & COMPANY, Providence, R. I.

WEBSTER, HORNE & BLANCHARD, New York, N. Y.

MAURICE L. BLANCHARD

PAUL H. ELSDON

HENRY A. HORNE

NORMAN E. WEBSTER

RODNEY D. WHITE, Seattle, Wash.

WIDEMAN, MADDEN & Co., Toledo, Ohio

CHARLES A. WILLIAMS, Sioux City, Iowa

DWIGHT WILLIAMS, Oklahoma City, Okla.

PAUL D. WILLIAMS, Detroit, Mich.

JAMES WILLING, Boston, Mass.

WOLF AND COMPANY, Chicago, Ill.

O. R. DAVIS

GEORGE P. ELLIS

F. L. HAMMOND

H. C. HOPEWELL

T. J. LEWIS

J. W. LOVE

C. F. PATTISON

F. J. PETERSON

J. G. TERRY

O. V. WALLIN

G. D. WOLF

H. H. WOLF

L. E. WOOD

W. A. ZOELLER

HAROLD K. WOOD, Hollywood, Calif.

HERBERT J. WOODFIN, Guatemala City, C. A.

RICHARD S. WYLER, Kansas City, Mo.

GEORGE G. YATES, Temple, Tex.

CLARENCE H. YOHN, Chicago, Ill.

Howard Greenman

Howard Greenman, of New York, N. Y., died January 12, 1939, the Institute has just been advised. Born in Brooklyn, N. Y., in 1863, Mr. Greenman attended and was graduated from the Polytechnic Institute of Brooklyn. In 1898 he started work as a public accountant and two years later became a certified public accountant of New York. Mr. Greenman founded the firm of Greenman, MacNicol & Co. in New York City, and up to the time of his death was an active member of that firm. He had been a member of the New York State Society of Certified Public Accountants since 1909 and of the American Institute since 1911.

Ulysses S. Jordan

Ulysses S. Jordan, of Indianapolis, Ind., died April 19, 1939, after several weeks' illness. He was a partner in the firm of Spradling, Carter & Jordan Associates. Mr. Jordan was born at Smith's Grove, Ky., in 1878, and was educated in the schools of Kentucky. He had been a resident of Indianapolis for the past thirty years. From 1910 to 1918 he served as field auditor for the Indiana State Board of Accounts, and from 1918 to 1919 was field auditor for the Federal Trade Commission in Washington, D. C. Before becoming a partner of Spradling, Carter & Jordan Associates in 1929, Mr. Jordan was credit man and office manager for the Fishback Company of Indianapolis for ten years. He was a member of the Indiana Association of C.P.A.'s and of the American Institute of Accountants.

George M. Sachs

George M. Sachs, of New York, N. Y., died April 4, 1939, at the age of

53. Mr. Sachs was a native of Germany and received his education there. From 1909 to 1914 he was associated with Hermann E. Goldschmidt in the practice of accounting, and from 1914 to the date of his death was practising under his own name. Mr. Sachs was a member of the New York State Society of Certified Public Accountants. He had been a member of the American Institute of Accountants since 1925.

William Frederick Weiss

William Frederick Weiss, of New York, N. Y., died April 16, 1939, at the age of 78. He was senior member of the accounting firm of W. F. Weiss & Co. A native of Germany, Mr. Weiss came to this country in 1880 and worked for Armour & Co. for several years. He first engaged in public accounting in 1894, but soon left the practice to become first vice-president and director of the old New York Steam Company. He later returned to public accounting.

Mr. Weiss became a member of the American Association of Public Accountants (predecessor of the American Institute of Accountants) in 1899 and later served the organization as vice-president and as trustee. He had been a member of the New York State Society of Certified Public Accountants since 1902 and had served as its president during the year 1912-1913. For a number of years thereafter he was a director of the society.

From 1916 to 1919 Mr. Weiss was a member of council of the American Institute of Accountants, and during the period 1916-1918 was a member of the executive committee. He was a member of the Institute's special committee on fiftieth anniversary. Mr. Weiss was the author of several books on accounting and related subjects.

Correspondence

Editor, THE CERTIFIED PUBLIC ACCOUNTANT:

DEAR SIR: I should be much obliged if you would kindly put me in touch with some American businessmen or business students, for the purpose of exchanging: first, knowledge about the theoretical as well as the practical problems of trade and industry; second, some social views about the different countries (as I have a good experience of many countries, from the commercial, industrial, and social points of view), particularly the eastern ones; third, if possible, some visits which can be arranged between us.

Trusting to hear from you and thanking you in anticipation, I am, Sir,

Yours faithfully,

A. F. MAHMOUD

London School of Economics
Houghton Street, London, W. C. 2,
England

For Supermen Only

Quoth a certain young hopeful A.B.,
As he toyed with his Phi Beta key,

"The boys have agreed

I'm most sure to succeed;

But what kind of success shall it be?"

"I've chosen for you," said his dad,

"The stiffest career to be had—

An auditor's lot

Will take what you've got;

It's ideal for a brilliant young grad."

"Not that," cried the youth, growing
pale.

"Not while present hysterics prevail.

I'm brilliant, I know;

But that line I can't go,

'Cause they don't teach clairvoyance
at Yale."

LUCY ROBINSON

Reprinted from the *Wall Street Journal*, March
28, 1939.

State Accountancy Legislation

Report of Bills in Progress

CALIFORNIA

Assembly bill 1860 relating to the practice of accounting was passed in the House on April 18th, and referred to the committee on governmental efficiency by the Senate on April 20th.

No further action has been taken on bills previously reported.

COLORADO

The following bills were reported unfavorably to the Senate on April 24th: Senate bills 289, 141, 406, 486.

The following bills were reported unfavorably to the House on April 24th: House bills 1009, 1059, 1096.

No further action has been reported on Senate bill 673 and House bill 1021.

CONNECTICUT

No further action has been reported on Senate bill 305.

FLORIDA

House bill 528 introduced April 20th would permit "a person who has completed a four-years course in accountancy at any university or college located in the state of Florida after one year's work with a registered accountant's office to take said examination to become a certified public accountant."

House bill 600 introduced April 24th is a waiver bill that would grant C.P.A. certificates without examination to all public accountants registered under previous acts and to employees in certain accounting capacities with the

state government. Enactment of the bill is being opposed by the Florida Institute of Accountants and the American Institute of Accountants.

MASSACHUSETTS

No further action has been reported on House bill 1775.

MINNESOTA

The legislature adjourned sine die April 18th. Senate bill 1396 previously reported was not enacted.

MISSOURI

Senate bill 212 repealing waiver provision of the 1929 statute was amended in the Senate April 27th.

No further action has been reported on House bill 416.

NORTH CAROLINA

Before adjournment on April 4th, the following Senate bill 88 was ratified:

AN ACT to provide a uniform procedure for the suspension or revocation by certain North Carolina boards and commissioners of licenses to engage in trades and lawful callings.

The General Assembly of North Carolina do enact:

Section 1. No license issued by the State Board of Examiners of Electrical Contractors, State Licensing Board for Contractors, State Board of Accountancy, State Board of Embalmers, Board of Chiropody Examiners, North Carolina Board of Veterinary Medical Examiners, Board of Barber Examiners, State Board of Registration for Engineers and Land Surveyors, Cosmetologists Board, Dry Cleaners Board, Real Estate Board, Tile Contractors Board, Plumbing and Heating Board, Board of Boiler Rules, and Board of Photographic Examiners shall be revoked or suspended except according to a procedure which shall conform as near as may be to the procedure now

provided by law for hearings before referees in compulsory references and shall include (1) a notice in writing to the person whose license is involved, stating the charge or charges against the said licensee and fixing a date and place for a hearing which shall not be less than thirty days from the issuance of said notice upon the person to whom it is issued, and shall be served upon the person named therein by an officer authorized by law to serve process, or by mailing by registered mail to the person named therein at the address given in the license or the last known address; (2) a hearing before the board, or a member thereof specifically designated by the board for the purpose of hearing the matters involved, at which hearing the accused shall have the right to be present to enter his defense, if any, and be represented by counsel and produce evidence by witnesses or records; (3) notice of action by the board which shall be a written report containing findings of fact and conclusions of law thereon; (4) appeal from the action of the board to the Superior Court of the county in which the hearing was held or to the Superior Court of Wake County upon filing of an appeal bond in the sum of fifty dollars which shall act as a supersedeas.

Section 2. All hearings shall be in the county of the residence of the person whose license is involved; provided that after notice such person and the board may agree that the hearing may be held in some other county.

Section 3. For all hearings the board shall have authority to issue subpoenas to witnesses to appear in person and to produce books, records, papers and other evidence as may be necessary or requested.

Section 4. When appeal is taken from the decision of the board, the person whose license is involved shall give notice in writing of appeal and shall state therein the exceptions to the decision of the board. Within thirty days the board shall cause to be filed in the office of the clerk of the court in the

proper county a complete transcript, including the notice of charges, evidence taken at the hearing, the order or decision of the board and the exceptions filed thereto. The person whose license is involved shall upon his appeal have the right to a trial by jury of the issue of fact arising on the pleadings, but such trial shall be only upon the written evidence taken before the trial committee or counsel.

If after the action of the board new evidence shall be discovered by the person whose license is involved or by the board, motion may be made that the matter be remanded to the board for the taking of further evidence, and order thereon may be entered in the discretion of the Judge of the Superior Court in which the matter is pending.

Section 5. From any decision of the Superior Court either the board or the person whose license is involved shall have the right of appeal to the Supreme Court. Whenever any notice of appeal is given and the bond required herein is filed, the order of the board shall be superseded until the appeal is finally determined, whereupon, unless reversed, modified or changed, the order shall become binding.

Section 6. Whenever any license has been suspended or revoked by any of the boards named in section one hereof, the board shall have the right to restore the license upon satisfactory evidence that the person whose license has been suspended or revoked intends to comply with the law and the rules and regulations of the board.

Section 7. The board is empowered and authorized to sue or be sued in its own name and to apply for such writs as may be desired to prevent the violations of the provisions of the act establishing said board and the amendments thereto.

Section 8. Nothing in this act shall be construed to remove any additional procedural requirement which may be provided in the law creating either of the boards named in section one, nor as preventing either of such boards from

providing additional rules and regulations concerning the procedure for the suspension or revocation of license.

Section 9. All laws and clauses of laws in conflict with this act are hereby repealed.

Section 10. This act shall be in full force and effect from and after its ratification.

Ratified, March 30, 1939.

NEW HAMPSHIRE

House bill 362, which would have permitted the state board of accountancy to make rules and regulations, was killed in the Senate on April 18th.

NEW YORK

Senate bill 1619 sponsored by the New York State Society of Certified Public Accountants was amended April 20th. One of the more important amendments is the following:

"The department may register to practise public accounting in the state, an applicant for indorsement of a certificate until such time as his application for indorsement of a certificate may be granted or rejected."

There has been no further action on other bills previously reported.

OHIO

Senate bill 250 was amended April 19th as follows:

"No firm of public accountants shall use the title 'Certified Public Accountants' or 'C.P.A.' unless each member thereof resident in Ohio is the holder of a certificate issued by the board and each nonresident member thereof is in good standing as a certified public accountant of one or more of the states or political subdivisions of the United States."

OKLAHOMA

The legislature adjourned sine die April 29th.

PENNSYLVANIA

Companion bills H. 949 and S. 421 are of the two-class restrictive type and are being sponsored by the Pennsylvania Institute of Certified Public Accountants. Companion bills H. 950 and S. 423 concerning the composition of the State Board and method of removal of its members are also being sponsored by the Pennsylvania Institute.

There has been no further action on other bills previously reported.

PUERTO RICO

House bill 573 which passed both houses of the legislature would prohibit all persons other than lawyers to appear in any administrative, judicial or quasijudicial matter before any judicial, administrative body, official, or court. The governor has been requested by both the Puerto Rico Institute of Accountants and the American Institute of Accountants to withhold his approval of the bill.

Announcements

A. Henry Baum, Louis B. Belsky, and Louis M. Barnett announce the formation of the firm A. Henry Baum & Company with offices at 1 East 43rd St., New York, N. Y.

Irving A. Bosky announces the dissolution of the partnership of Bosky & Kanner, and the continuation of his practice at 11 West 42nd St., New York, N. Y.

Ernest B. Cobb & Co. announce the removal of their offices to 1 East 42nd St., New York, N. Y.

Frank C. Gnazzo announces the removal of his offices to 50 Court St., Brooklyn, N. Y.

Dissolution of the partnership of Hamma, Nelson and Hugins, of Denver, Colo., has been announced. It was also announced that Morton M. Hamma and Harry W. Nelson will continue practice under the firm name of Hamma and Nelson, with offices in the First National Bank Bldg., Denver, and that Walter E. Hugins will continue practice under his own name, with offices in the Equitable Bldg., Denver.

Harris, Kerr, Forster & Company announce the establishment of a branch office at St. Louis, Mo.

Benjamin Harrow announces the removal of his offices to 19 Rector St., New York, N. Y.

Abraham Karmel announces the removal of his offices to 521 Fifth Ave., New York, N. Y.

Hilary H. Osborn and Fred G. Page, of Nashville, Tenn., announce the dissolution of the firm of Osborn and Duncan (occasioned by the withdrawal of W. M. Duncan) and the continuation of practice under the firm name of Osborn and Page, with offices at 407 American Trust Bldg., Nashville.

Samuel J. Broad, of New York, N. Y., on March 30th addressed the Bank Credit Associates of New York on the subject "The Independent Audit."

Robert H. Montgomery, of New York, as a member of the accountancy profession, served as a sponsor for the advance sale of tickets to the New York World's Fair 1939.

Gabriel A. D. Preinreich, of New York, N. Y., is the author of an article entitled, "The Theory of Industrial Replacement," which appears in the May, 1939, issue of *Skandinavisk Aktuarietidskrift*, Stockholm.

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of The American Institute of Accountants

JUNE 1939

VOL. 19 • No. 6

Nominations

Annual Meeting

Council Meeting

The Research Department

Extensions of Auditing Procedure

Practice before Treasury Department

Regional Conferences

15¢ a Copy

Published Monthly

\$1 a Year



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VOL. 19

1939

NO. 6

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Officers 1938-1939

THE AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

<i>President</i>	CLEM W. COLLINS
<i>Vice-presidents</i>	LEWIS ASHMAN, JOHN K. MATHIESON
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THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of The American Institute of Accountants

The Research Department

THREE months have passed since the establishment of the research department of the American Institute of Accountants, the immediate purpose of which is to assist the committee on accounting procedure in its program of issuing pronouncements on questions of accounting practice and gradually building up an authoritative body of accounting principles.

Experience had shown that while voluntary committees had been able to make progress in this direction they were subject to extreme delays. The provision of adequate technical staff assistance promises not only to expedite the work but to permit its coördination, so that an orderly program may be followed systematically.

In order to finance the research department for the balance of the current fiscal year and all of the next fiscal year, to August 31, 1940, it was estimated that a minimum of \$30,000 was needed for salaries of a director and assistants; traveling expenses, stationery, postage, etc. This amount could not be provided out of the general fund of the Institute, and an appeal for contributions was made to the members and associates of the Institute under date of March 21, 1939.

The names of contributors have been published in successive issues of this bulletin. To date contributions have been received from 216 individual members of the Institute, and 65 firms, with which 900 members are associated.

It is apparent, therefore, that approximately 4,000 members and associates have not yet subscribed, and additional contributions will be needed if the desired sum is to be provided. The work is of so much importance to the profession as a whole, and consequently to every practitioner, that the executive committee believes every member and associate should participate no matter how small he feels his contribution must be. If the supposition is true that every member will benefit from the work of the department, he should have a proprietary interest in it.

Contributions should be made to the American Institute of Accountants Foundation, earmarked for purposes of the research department.

American Institute of Accountants

Practice before Treasury Department

It was announced on May 15th that the regulations relating to the practice of attorneys and agents before the United States Treasury Department had been so amended as to limit such practice to attorneys and certified public accountants. Formerly the regulations permitted practice by noncertified public accountants and other representatives, as well as by certified public accountants and attorneys.

The new rules are not retroactive and will not apply to agents admitted to practice prior to May 11, 1939.

Following is quoted that section of the amended regulations which describes the classes of persons who, upon being found to possess the necessary qualifications, may be admitted to practice before the Treasury Department as attorneys or agents respectively:

"1. Attorneys at law who have been admitted to practice before the courts of the states, territories, or District of Columbia, in which they maintain offices, and who are lawfully engaged in the active practice of their profession.

"2. Certified public accountants who have duly qualified to practise as certified public accountants in their own names, under the laws and regulations of the states, territories, or District of Columbia, in which they maintain offices, and who are lawfully engaged in active practice as certified public accountants."

Those who may be admitted are, as heretofore, required to "show that they

are of good character and in good repute, possessed of the necessary qualifications to enable them to render such claimants valuable service, and otherwise competent to advise and assist such claimants in the presentation of their cases."

Annual Meeting

It is now possible to announce a tentative program for the annual meeting of the Institute to be held September 18th to 21st at San Francisco, the site of the Golden Gate International Exposition. The Institute's committee on meetings, with the coöperation of subcommittees composed of members of the California Society of Certified Public Accountants, has been actively engaged in making arrangements with the result that members are assured of an entertaining and instructive visit to the West Coast. Topics of discussion have been tentatively selected though announcement of the names of speakers will have to await a later date.

PROGRAM

The broad outlines of the program, as tentatively planned, are as follows:

September 17th

Registration will begin at headquarters in the Fairmont Hotel. From 5 to 7 P.M. there will be a reception and tea.

September 18th

Registration will continue throughout this day. At 9:30 A.M. the council

of the Institute will hold its regular meeting in executive session. At the same time the Advisory Council of State Society Presidents will convene. At 10 A.M. an exhibition of accounting machinery will be opened, to remain on display throughout the meeting. From 12:30 to 4:30 P.M., the California Society of certified Public Accountants will hold its annual meeting, beginning with a luncheon; officers and members of the council of the Institute will be guests of the Society. From 2 to 5 P.M. the Association of C.P.A. Examiners and the board of examiners of the American Institute will hold their annual joint meeting, one feature of which will be the presentation of the Elijah Watt Sells awards for excellence in C.P.A. examinations during the preceding year.

September 19th

It is planned that this day shall open with a group breakfast. The first general session of the Institute's annual meeting will convene at 9:30 A.M., with Clem W. Collins, president, in the chair. There will follow, in order, an address of welcome by the president of the California Society, a response to this address, the annual address of the president of the Institute, the report of the council of the Institute, and an address by a distinguished guest speaker, yet to be finally selected. The session will adjourn at 12:30 P.M.

The period from 2:30 to 4:30 P.M. will be devoted to five simultaneous round-table sessions on the following topics, as tentatively selected:

Internal conduct of an accounting practice.
Extension of accounting practice.
Compensation of accountants.
Whose balance-sheet is it?
Inventories.

September 20th

Wednesday will be left free of formal sessions, so that members may have opportunity to seek entertainment and to participate in the annual golf tournament. It is expected that many will avail themselves of this opportunity to visit the Golden Gate International Exposition. There will, however, be four round tables for those who prefer to devote themselves to technical discussion. Following are the topics planned:

Municipal accounting.
Detection of fraud.
Federal income taxation.
Progress in accounting research.

September 21st

The last general session will begin at 9:30 A.M. Officers and members of council for the ensuing year will be elected, the 1940 meeting place will be chosen, and other business will be transacted. There will follow a panel discussion of the subject, "Auditing procedure," during which, it is planned, P. W. R. Glover, chairman of the Institute's special committee on auditing procedure whose report on that subject was adopted by the council at its spring meeting, will preside. There will be a principal speaker on the topic and possibly a report by the committee on its recent activities. Then there will be discussion of a number of related topics as follows:

What is expected of the independent auditor?
From the viewpoint of the investor.
From the viewpoint of the Securities and Exchange Commission.
From the viewpoint of the commercial banker.
Extension of auditing procedure to meet expanding expectancy.
The liability of the independent auditor.

The meeting will close with the annual banquet, at which there will be an address by a guest speaker and several informal talks, followed by dancing.

HOTEL ACCOMMODATIONS

At the Fairmont Hotel, headquarters of the meeting, accommodations will be available at the following rates:

Single, one person—\$4 to \$7
 Double, double bed—\$6
 Double, twin beds—\$7 to \$12
 Suites—\$18 to \$30

At the Hotel Mark Hopkins, under the same management, the following rates will prevail:

Single, one person—\$5 to \$7
 Double, double bed—\$7 to \$9
 Double, twin beds—\$8 to \$12
 Suites—\$15 to \$25

TRANSPORTATION

Arrangements have been made with the New York Central and Burlington Railroads for special cars from the east to Chicago, where they will be made part of a chartered train for the exclusive use of Institute members, their families and friends traveling to the meeting. The special train, composed entirely of air-conditioned Pullman, observation, club and dining cars, will make the run in fast time, permitting a morning stopover at Denver, during which the Colorado Society will entertain the travelers. The many advantages of a special train are made available at the same low rates now prevailing on regular trains, subject only to the provision that one hundred or more travel on the special train from Chicago.

The Los Angeles Chapter of the California Society of Certified Public Accountants has extended to Institute members an invitation to visit Los Angeles while on the coast. A railroad

representative will be at the Fairmont Hotel, San Francisco, where the meeting will take place, to assist members in obtaining accommodations over the many alternative return routes that may be chosen.

Council Meeting

Forty of the forty-seven members of council of the American Institute of Accountants attended the two-day spring session of the council held at the Hotel Waldorf-Astoria, New York, N. Y., May 8th and 9th. In addition seven state society presidents were in attendance, including Edward B. Wilcox, chairman of the Advisory Council of State Society Presidents. Twelve committee chairmen not members of council were also in attendance and were given the privilege of the floor. Two full eight-hour days were devoted to hearing reports of officers and committees, debating the issues which they raised, and adopting resolutions on matters of policy.

Extensions of Auditing Procedure

One of the principal subjects before the council was a report recommending extensions of auditing procedure, which after a lengthy discussion and some alteration from the floor was adopted by means of the following resolution:

RESOLVED: That the council of the American Institute of Accountants hereby adopts the report of the special committee on auditing procedure dated May 9, 1939, as a statement of the best practice for the future in regard to the matters dealt with in the report. Be it

FURTHER RESOLVED: That the report be printed and distributed to members of the Institute and others interested.

Copies of the report were printed in pamphlet form and distributed to all members of the Institute immediately

after the council meeting. The report was also reprinted in *The Journal of Accountancy* for June, 1939.

Secretary's Report

After receiving a summary of the accounts for that portion of the fiscal year which had elapsed and reports on the results of mail ballots, the council heard the report of the secretary, which showed a total membership of 5,118 at May 1, 1939, about one hundred and fifty more than at the comparable date last year. The report described in some detail the duties and activities of the secretary and his staff, with descriptions of the current operations of the library, the current condition of publications, activities with regard to state and federal legislation and taxation, public relations, meetings, coöperation with state societies, and the natural business year.

Board of Examiners

Discussion following the report of the board of examiners led to adoption of a motion that the board consider the feasibility of some plan of preliminary examination to test the eligibility of candidates for final examination for the C.P.A. certificate. The board's report showed satisfactory results from the allowance of an extra hour at each session of the examination in accounting theory and practice, and described efforts now being made to improve the quality of examination problems.

Executive Committee

The report of the executive committee covered all important administrative actions during the part of the fiscal year which had elapsed.

Accounting Procedure

The executive committee report described the formation of the research department of the Institute, which

operates under the direction of the committee on accounting procedure, and recommended that the council authorize that committee to make pronouncements on questions of accounting procedure without prior reference to the executive committee or to the council, with the understanding that such pronouncements would not be considered as official pronouncements of the Institute, but as statements of the committee itself. After discussion, this recommendation was adopted by the council.

The committee on accounting procedure reported in detail its activities during the year and the organization and procedure of the new research department.

Expenses of council members

The executive committee report raised the question whether transportation expenses of council members attending the spring meeting of council should be paid from the general funds of the Institute. After discussion, the council instructed the committee on budget and finance to make provision for such expenses in the budget for the coming fiscal year.

Dues

The executive committee recommended that in view of the wide discrepancy between the annual dues of members and associates of the Institute, which apparently had led many persons eligible for membership to become associates, the dues of associates be increased from ten dollars to fifteen dollars. After extended discussion the council adopted this recommendation for reference to the committee on by-laws.

The council also adopted a recommendation of the executive committee that the time limit for payment of dues

be reduced, by amendment of the by-laws, from five months to two months after the beginning of the fiscal year.

The council referred to the executive committee for study the whole question of classification of membership of the Institute.

Increase of council membership

The executive committee recommended that the by-laws be changed so that the number of elected members of council would be increased from thirty-five to forty-eight and the term of service of members reduced from five years to three years, in order to give wider representation on the council. After extended discussion, the recommendation was adopted by the council and referred to the committee on by-laws.

Disciplinary machinery

After consideration of the procedure of the committee on professional ethics and the trial board of the Institute, with particular reference to the proposed increase in the number of members of council, which now sits as the trial board, council adopted a recommendation of the executive committee that a special committee be appointed to investigate thoroughly the whole disciplinary machinery of the Institute and to report its recommendations at the council meeting to be held September 18, 1939, at San Francisco.

Committee on Meetings

The council received a report from the committee on meetings indicating progress in plans for the annual meeting at San Francisco next September.

Committee on State Legislation

The committee on state legislation reported that it had rendered advice and assistance to state societies during the legislative season in opposing legislation which would lower the standards

of the C.P.A. certificate and supporting desirable legislation. The committee's procedure in disseminating information on state legislation among the several state societies was also described.

Committee on Federal Taxation

After hearing the report of the committee on federal taxation, the council recommended that the members and state societies aggressively support the recommendation that the filing date for federal income-tax returns be extended to the 15th day of the fourth month following the close of the taxable year.

Committee on Public Utility Accounting

The special committee on public utility accounting reported answers to several inquiries; participation of one of its members in a conference of the Edison Electric Institute and the American Gas Association, and consideration of legislation affecting utility accounting.

Committee on Professional Ethics

The committee on professional ethics reported consideration of ten complaints and responses to twenty-two inquiries during the current fiscal year.

Committee on Terminology

The committee on terminology reported that its work could move forward only slowly without some technical staff assistance. It was suggested that consideration be given to the possibility of securing such assistance for the committee, perhaps with the aid of some research foundation.

Committee on Education

The committee on education reported progress in accumulating information from members of the American Association of Collegiate Schools

of Business regarding accounting curricula in such schools, with the purpose of determining to what extent the several accountancy courses meet the suggested standards set by the council of the Institute last year.

Committee on Publication

The committee on publication submitted a detailed report on the results of operations of the American Institute Publishing Co., Inc. Substantial gains in circulation and advertising of *The Journal of Accountancy* were reported. The editorial policies of *The Journal of Accountancy* were also described, and a classification of subscribers and authors was submitted. The report stressed the importance of *The Journal* as a medium of good public relations for the accountancy profession.

Special Committee on Accountants' Certificates

The report of the special committee on accountants' certificates outlined the committee's activities during the year but suggested that further effort be deferred pending action on the report of the special committee on auditing procedure, which recommended adoption of a standard short form of report.

Special Committee on Allocation of Income

The following resolution, recommended by the special committee on allocation of income, was adopted by the council:

WHEREAS, it is recognized that the use of formulae for the allocation of income among the various states in which business is done, frequently results in inequitable taxation, and

WHEREAS, many states do not have statutes providing for the use of any alternate basis of allocation even

though it may be demonstrated by accounting methods that the results obtained by the use of formulae are inequitable, now therefore, be it

RESOLVED, that the Council of The American Institute of Accountants hereby records itself as favoring the general adoption by the states of statutory provisions for the election by each taxpayer to have its tax measured by income determined upon the basis of accounts and records kept in a manner which fairly reflects the income earned in each state.

Special Committee on Commercial Arbitration

Progress was reported by the special committee on commercial arbitration in publicizing among certified public accountants the importance and effectiveness of commercial arbitration.

Committee on Coöperation with Bankers

A dinner in honor of Philip A. Benson, C.P.A., president of the American Bankers Association, held on January 30th was reported as one of the important activities of the committee on coöperation with bankers during the current year. The importance of recommended extensions of auditing procedure as a basis of improved relations with bankers was also emphasized.

Special Committee on Coöperation with Trade Associations

Furnishing speakers at trade association meetings, and other means of developing good relations with such groups, were described in the report of the special committee on coöperation with trade associations.

Special Committee on Costs

Support for legislation requiring sound cost accounting on the part of government agencies was reported as the principal activity of the special committee on costs.

Special Committee on Federal Legislation

Questions of importance to accountants related to the Borah-O'Mahoney bill for the federal licensing of corporations were presented for consideration of council by the special committee on federal legislation.

Special Committee on Governmental Accounting

Efforts to cooperate with government officials in improvement of federal government accounting and reporting, as well as continuation of cooperation with the National Committee on Municipal Accounting in consideration of problems in the local government field, were reported by the special committee on governmental accounting.

Special Committee on Inventories

Participation by the chairman of the special committee on inventories in meetings of the special committee on auditing procedure, and advisory work on behalf of the Treasury Department, were reported to the council.

Special Committee on Savings and Loan Accounts

The special committee on savings and loan accounts presented to the council a draft program of examination of savings-and-loan associations, resulting from a three-year study by the committee in consultation with representatives of other organizations interested in the subject. The council referred the draft to the executive committee for further study.

Special Committee on Social Security Act

Support of legislation designed to eliminate inequities in the taxing title of the social-security act and proposals for cooperation with state societies in a

study of social-security problems were reported by the special committee dealing with that subject.

Special Committee on Natural Business Year

The special committee on natural business year reported increased activity among the state societies in the natural year campaign; widespread publicity for the natural year resulting from the Securities and Exchange Commission hearings on auditing procedure and related matters; release by Dun & Bradstreet's research department of bulletins suggesting natural fiscal closing dates for the following industries: farm equipment, flour milling, fur coats, women's trimmed hats, retail jewelry, department stores, wholesale dry-goods, cottonseed oil, shoes, radio sets, paint and varnish, and furniture; answers to individual inquiries about the natural year; follow-up letters to corporations adopting natural years; inclusion of the subject on the programs at meetings of accountants and other groups; provision of speakers on the subject, and distribution of some 10,000 pieces of literature, bringing the total of items mailed since the beginning of the campaign in 1935 to 150,626.

"Examination of Financial Statements"

The special committee on revision of the bulletin "Examination of Financial Statements," reported that it had decided not to begin its work until action had been taken on the recommendations of the special committee on auditing procedure.

Special Committee on Stock Brokerage Accounting

The special committee on stock brokerage accounting reported that, in cooperation with a similar committee

of the New York State Society of Certified Public Accountants, it had assisted the New York Stock Exchange in drafting regulations prescribed by the Exchange's committee on member firms for independent audits of the accounts of member firms, under authority of a rule adopted last fall requiring independent audits of such firms. (See *The Journal of Accountancy*, May, 1939.)

Special Committee on Bankruptcy

The special committee on bankruptcy reported active coöperation with the National Bankruptcy Conference and other interested groups in revision of rules and consideration of other questions arising under the amended national bankruptcy act.

Special Committee on Coöperation with Bar Association

Conferences with a committee of the American Bar Association and study of court cases relating to unauthorized practice of the law were reported by the special committee on coöperation with bar association.

Membership

It was suggested to the president that immediate steps be taken to induce all eligible certified public accountants to apply for membership in the Institute with the least possible delay, in order that the resources of the profession might be enlarged to support the greatly increased program of activities of the Institute.

Attendance

Those present at the council meeting were as follows:

Clem W. Collins, *president*, Colorado
Lewis Ashman, *vice-president*, Illinois
J. K. Mathieson, *vice-president*, Pennsylvania

Arthur W. Teele, *treasurer*, New York

The following members of council:

F. B. Andrews, Illinois
Miller Bailey, Missouri
Arthur H. Carter, New York
Marvin O. Carter, Tennessee
Charles F. Coates, Connecticut
George Cochrane, New York
Charles B. Couchman, New York
J. Chester Crandell, Massachusetts
Charles Carroll Croggon, Maryland
W. Sanders Davies, New York
George P. Ellis, Illinois
Stanley G. H. Fitch, Massachusetts
John F. Forbes, California
Berl G. Graham, Ohio
P. W. R. Glover, New York
Frederick H. Hurdman, New York
Lincoln G. Kelly, Utah
Wayne Kendrick, Washington, D. C.
Joseph J. Klein, New York
Ralph B. Mayo, Colorado
Norman L. McLaren, California
Robert H. Montgomery, New York
George S. Olive, Indiana
M. E. Peloubet, New Jersey
T. Edward Ross, Pennsylvania
Adrian F. Sanderbeck, Pennsylvania
Hugh A. Sinclair, Wisconsin
Archie M. Smith, Louisiana
Rodney F. Starkey, New York
Ralph B. Stratford, Oregon
William J. Taylor, Ohio
George M. Thompson, California
Earl A. Waldo, Minnesota
C. O. Wellington, New York
William H. West, New York
Dwight Williams, Oklahoma
Spencer Gordon, *of counsel for the Institute*
John L. Carey, *secretary*

The following state society presidents:

Edward B. Wilcox, Illinois
Anthony Jaureguy, Massachusetts
Victor H. Stempf, New York
Homer L. Dalton, Ohio
Howard W. Hinman, Oklahoma
Abraham Blackman, Rhode Island
Emmett P. Dallas, Virginia

The following committee chairmen:

Victor H. Stempf, New York, federal taxation
 Charles H. Towns, New York, state legislation
 Henry B. Fernald, New York, terminology
 T. Coleman Andrews, Virginia, bankruptcy
 J. Pryse Goodwin, New York, commercial arbitration
 A. S. Fedde, New York, coöperation with bankers
 F. P. Byerly, New York, coöperation with bar association
 J. Arthur Marvin, New York, coöperation with trade associations
 Edward A. Kracke, New York, inventories
 Henry A. Horne, New York, public-utility accounting
 Samuel J. Broad, New York, "Examination of Financial Statements"
 George O. May, New York, vice-chairman, accounting procedure

Extensions of Auditing Procedure

The New York State Society of Certified Public Accountants at a special meeting on May 22nd adopted a report presented by its special committee on auditing practice and procedure. The report summarized the results of special studies into proposed extensions of procedures conducted by the New York State Society committee in collaboration with a similar group of the American Institute of Accountants.

Action of the New York State Society membership brought the society's official action with respect to extensions of procedure into identical agreement with that of the American Institute of Accountants, as reflected in the report of its special committee on auditing procedure adopted by the council of the Institute on May 9th last.

At the Eastern Four-States Account-

ing Conference, held at Atlantic City, N. J., on May 19th and 20th, with the state societies of Connecticut, New York, New Jersey, and Pennsylvania participating, the following resolution was adopted:

WHEREAS, The Eastern Four-States Accounting Conference has had an opportunity to discuss in detail the recommendations in the report of the American Institute of Accountants special committee on accounting procedure, adopted by the council of the Institute May 9, 1939,

BE IT RESOLVED, That this conference views with favor the report aforementioned, and recommends that the state societies here represented adopt the report officially so as to increase its authority in the eyes of the public.

The following resolution was adopted at the Central States Accounting Conference held June 1st and 2nd at Des Moines, Iowa:

RESOLVED, That the Central States Accounting Conference, 1939, views with favor the report of the American Institute of Accountants special committee on auditing procedure adopted by the council of the Institute May 9, 1939, and be it

FURTHER RESOLVED, That this conference recommends to the several state societies of certified public accountants here represented that they support the aforesaid report by approving it in substance, in order to lend it greater authority in the eyes of the public.

The Iowa Society of Certified Public Accountants at a meeting on June 3rd adopted a similar resolution.

In the published annual reports of the Massachusetts Society of Certified Public Accountants, Anthony Jaureguy, president of the society, commented upon the new recommendations as follows:

"Of special interest to the members of the Society is a report which was submitted to the council of the American Institute of Accountants by its special committee on auditing procedure at its semiannual meeting in New York on May 9, 1939, recommending that auditing procedures hereafter be extended to include physical test checks of inventory quantities and confirmation of receivables by direct communication with the debtors, where inventories and receivables represent a significant proportion of the assets of a client. The report also recommends important revisions in the standard short form of accountant's report. The recommendations of the committee were made after several months of careful study in close collaboration with the board of directors of the New York State Society and other members of the profession, and in the course of its deliberations it conferred with representatives of various other interested bodies, including the Securities and Exchange Commission, New York Stock Exchange, Robert Morris Associates, National Association of Credit Men, and the Controllers Institute of America. The recommended extensions in auditing procedures have been approved by the council of the Institute and are therefore of great importance to practising public accountants and their clients. The committee's report to the council will, no doubt, be made available to the members of the accounting profession in an early issue of *The Journal of Accountancy*."

In addition to the 5,119 copies which were distributed to members of the Institute, 539 copies have been given to organizations with which the Institute committee consulted during preparation of its report and in addition 13,938 copies have been sold. Copies are offered at ten cents each if bought singly or five cents each if bought in quantities of twenty-five or more. Many members have obtained copies

in large quantities for distribution to staff members and clients. The report has been reprinted once and if necessary in order to meet the demand a second reprinting will be made.

PRESS COMMENT

Publication of the report was accompanied by widespread publicity as exhibited by the following quotations from the press:

"The American Institute of Accountants has adopted a report by a special committee on auditing procedures which calls for corroboration by actual physical tests of inventories listed on a firm's books as well as confirmation of accounts receivable by direct communication with debtors.

"The Institute's action in laying down broad principles for guidance in accounting practices was regarded as fulfillment of promises made last fall when the McKesson & Robbins scandal brought to light vast inventory deficiencies which accountants had failed to uncover.

"Members of the organization are expected to put into effect as soon as practicable the new methods recommended by the Institute."

Associated Press

"In a report of its special committee on auditing procedure adopted yesterday by the American Institute of Accountants it was declared that the independent certified public accountant should not express the opinion that a corporate financial statement presented fairly the position of the company and the results of its operations and that they conform to generally accepted accounting principles, when the examination has been less in scope than he considers necessary or when exceptions noted by the accountant negative such a general opinion.

"Your committee is of the opinion," the report said, "that recognition should

be given to the widespread demand for an extension of auditing procedure with regard to inventories and receivables,' but that 'it should be noted that additional expense to business will be involved in the added procedures.'"

New York Sun

"The adoption by the American Institute of Accountants of the report of its special committee on auditing procedures is a step in the right direction. The committee's report calls for actual physical tests of inventories and confirmation of accounts receivable by direct communication with debtors, where feasible.

"When the McKesson & Robbins falsifications were first made public, a great deal of unjustified and ill-informed criticism of the accounting profession followed. Unfortunately, some accountants reacted to this extreme criticism by contending in effect that prevailing auditing procedure was practically perfect and that no significant changes were called for. This unjustified stand would invite strict Government control of auditing if it were to be adopted by accounting organizations. . . .

"The American Institute of Accountants, by adopting the report of its special committee on auditing procedures, has recognized the desirability of establishing stricter minimum standards. This course of action should lessen the danger of efforts to attain the same end by crude legislative or regulatory expedients."

New York Journal of Commerce

"When the McKesson & Robbins scandal broke last December, the American Institute of Accountants promptly decided to find out if standard accounting practices need changing. Now it recommends these changes, which members must adopt as soon as possible: (1) Physical checking of inventory quantities; (2) asking debtors

to confirm receivables when their amount is large; (3) a clearer 'short form' of auditor's report. AIA also 'suggests' that independent auditors be nominated or engaged by company directors."

Forbes Magazine

"Detection of fraud is not the primary objective of accountant examination, though such discovery sometimes results, according to the report of a special committee on auditing procedure of the American Institute of Accountants, which was adopted by the council yesterday at its regular semiannual meeting at the Waldorf Astoria Hotel."

New York Herald Tribune

"As a possible offset to any future McKesson & Robbins episodes, the American Institute of Accountants announced yesterday that it had adopted a report by a special committee on auditing procedure calling for the corroboration of inventories by actual physical tests. On the question of accounts receivable, the Institute went on record as favoring, where the amounts involved represented a significant proportion of current assets, confirmation by direct communication with the debtor.

"The special committee's report represents fulfillment of the promise of the executive committee of the Institute made public last December. The report was prepared with the collaboration of a special committee of the New York State Society of Certified Public Accountants and of other similar state societies. In December, the executive committee of the Institute declared that, 'in the interest of the public and the accounting profession,' it would carefully review customary auditing procedure."

New York Times

"The McKesson & Robbins affair rolls on. Official accountants for the trustee this week brought forth a tenta-

tive balance-sheet showing that assets were overstated by \$20,000,000, instead of the original quick estimate of the management of \$18,000,000. Right after that, as predicted, auditors got together on resolutions to stiffen up and standardize their methods. The American Institute of Accountants, in collaboration with New York State Society of Certified Public Accountants and other state groups, brought forth resolutions calling for (1) test checks of inventories whenever possible; (2) confirmation of accounts receivable by direct communication with debtor, and a specific statement in the certificate when such confirmation is not made; (3) more detailed certification statements."

Business Week

"It is to the credit of the accounting and auditing profession that ever since the McKesson & Robbins scandal (in which items totaling \$18,000,000 worth of fictitious crude drugs were overlooked by auditors) an intensive effort has been made to improve auditing laws and procedure.

"The American Institute of Accountants, the New York State Society of Certified Public Accountants, and other state societies have all worked hard to develop methods that would go farther to prevent such scandals in the future. They have studied the weaknesses of the old system, have accepted reports outlining improvement, and have sponsored a bill introduced before the New York legislature at Albany that would strengthen and broaden the scope of the New York state education law pertaining to the practice of public accountancy.

Milwaukee (Wis.) Journal

"The American Institute of Accountants has adopted a report by a special committee on auditing procedure which calls for corroboration by actual physical tests of inventories listed on a firm's books as well as con-

firmation of accounts receivable by direct communication with debtors . . . an action regarded as fulfillment of promises made last fall when the McKesson & Robbins scandal brought to light vast inventory deficiencies which accountants had failed to uncover. . . . Members of the organization are expected to put into effect as soon as practicable the new methods recommended by the Institute."

Chicago (Ill.) Herald Examiner

"At long last the accounting profession has come forth with an answer to the McKesson & Robbins scandal.

"It consists of acceptance by the American Institute of Accountants, and release to the press, of a special committee report on auditing procedure.

"That report 'fulfills the promise' of the A.I.A., made last December, promptly after the McKesson news broke, that the A.I.A. would 'carefully review customary auditing procedure, in the interest of the public and the accounting profession.' The last was because the public had lost money and the accounting profession had lost face."

(Boston) Christian Science Monitor

"There are some 17,000 certified public accountants in the U. S. To win the coveted initials C.P.A. they had to pass rigorous examinations in accounting. Beyond that, their functions are virtually unregulated by law. Their methods of auditing and analyzing a corporation's balance-sheet are their own, the developments of over 400 years of practice. The U. S. public first realized that these methods were not always perfect when the McKesson & Robbins scandal broke last December. How was it possible, the average investor asked, for \$18,000,000 in fictitious inventories to deceive seasoned accountants?

"S.E.C. set out to answer the point with an investigation which is not yet completed. The American Institute of

Accountants, chief C.P.A. professional association, also launched an investigation. Last week it issued its report, tantamount to an order to all Institute accountants from now on. Its chief decision: that good auditing procedure calls for actual corroboration of inventories by physical tests, heretofore usually done only on specific request by the company."

Time

Annual Meeting of Dominion Association

The Thirty-seventh Annual Meeting of the Dominion Association of Chartered Accountants will be held at the Bessborough Hotel, Saskatoon, Saskatchewan, on August 23rd and 24th next, and the executive committee of the Association has extended an invitation to all members of the American Institute of Accountants to be present. Members who plan to attend the meeting at Saskatoon are requested to notify the secretary of the Institute of their intention as soon as possible so that the proper information can be forwarded to the offices of the Dominion Association.

Municipal Audits

A new law enacted by the legislature of Connecticut and approved by the governor on May 22nd requires that all municipalities of the state, except school, sewer, and fire districts, shall have their accounts audited at least annually by an independent public accountant. School, sewer, and fire districts are required to be audited at least biennially. There is a provision that, as an alternative, a municipality whose average annual receipts from taxation during the three preceding years shall not exceed fifty thousand dollars may have the audit performed by the state tax commissioner, instead of by an independent public accountant.

Time for Filing Tax Returns

The council of the American Institute of Accountants at its meeting May 8, 1939, adopted a resolution suggesting active support of the recommendation that the date for filing federal income-tax returns be advanced to the fifteenth day of the fourth month following the close of the fiscal year. With renewed prospect for early revision of the federal revenue act, the Institute's committee on federal taxation deems it appropriate to call this action to the attention of the membership and request that each member give it active support.

The arguments in support of the proposal for advancement of the date for filing income-tax returns were stated in the report of the Institute's committee on federal taxation, which was reprinted in *The Journal of Accountancy* for October, 1938.

The Institute committee has brought its recommendation to the attention of the Treasury Department, but feels that there is little likelihood that Congress will act unless great numbers of those interested make it clear to their representatives in Congress that the change would be helpful. It suggests, therefore, that accountants write their representatives individually and induce those clients who would like the change to do the same.

The same position was taken by Edward B. Wilcox, of Chicago, chairman of the Advisory Council of State Society Presidents, in a letter to the members of that council dated June 5th. Mr. Wilcox suggested as a project for immediate action that each state society president should "urge members of your society to write to their Congressmen immediately recommending the deferring of the filing date for federal income-tax returns until the

fifteenth of the fourth month after the close of the taxpayers' fiscal year. Prompt action is desirable in view of pending income-tax legislation and because the proposal has already received some favorable consideration, and the time seems ripe to urge its adoption."

The following resolution was adopted at a meeting of the Mississippi Society of Certified Public Accountants held at Natchez on May 27th:

Be It Resolved, That:

WHEREAS, The American Institute of Accountants has placed itself on record after due consideration and investigation as recommending that the date of filing federal income-tax reports be changed from the fifteenth day of the third month to the fifteenth day of the fourth month following the close of the taxable year, and

WHEREAS, The legislative committee of the Mississippi Society of Certified Public Accountants has likewise duly considered the advisability of making such change, it is the opinion of the Mississippi Society of Certified Public Accountants that such change should be made. It is our belief that an additional one-month period in which to file would be of mutual benefit to the taxpayer, the tax authorities and the accountants.

THEREFORE, The Mississippi Society of Certified Public Accountants hereby approves and places itself on record as being in favor of seeking the foregoing change in the income-tax filing period.

FURTHERMORE, The Mississippi Society of Certified Public Accountants hereby approves and places itself on record as being in favor of the efforts of the legislative committee in seeking a change with respect to the Mississippi state income-tax law so as to coincide with the proposed change in the federal law as to date of filing, as above mentioned.

Regional Conferences

Two regional accounting conferences sponsored by groups of state societies in coöperation with the American Institute of Accountants drew large attendance and attracted wide attention during the past month. On May 19th and 20th the Eastern Four-States Accounting Conference was held at Atlantic City, N. J., and on June 1st and 2nd the Central States Accounting Conference was held at Des Moines, Iowa.

It was a feature of each of these meetings that all available time was devoted to discussion of technical and professional problems, with no arrangements for entertainment. The day's activities began early in the morning with a "get together" breakfast and continued throughout the day with discussion during luncheon. At each conference the dinner hour of one day was devoted to conference and the other was left free for recreation.

4-STATES ACCOUNTING CONFERENCE

The Eastern Four-States Accounting Conference was sponsored by the state societies of Connecticut, New York, New Jersey, and Pennsylvania.

Guest speakers were: The Honorable Joseph C. O'Mahoney, United States Senator from Wyoming and chairman of the National Temporary Economic Committee; Willard Thorp, special assistant to the Secretary of Commerce; Henry H. Heimann, executive manager of the National Association of Credit Men; Maxwell E. McDowell, head of the tax department of the Standard Oil Company of New Jersey; Walter R. Darby, commissioner of local government of the state of New Jersey; and Thomas Tarleau, legislative counsel to the United States Treasury Department.

Victor H. Stempf, president of the New York State Society, delivered an address entitled "Our Theme—Accounting in the Public Interest," and John L. Carey, secretary of the American Institute of Accountants, presented a message from the Institute.

The program was fully described in the May issue of this bulletin. As noted there, among the topics were: inventories and receivables, the accountant's responsibility to the public, accounting problems of public utilities, problems and procedure in bank auditing, accounting problems of industrial corporations, municipal accounting, federal taxation, building-and-loan accounting, and natural business year.

Members of the conference committee were:

Orin O. Roundy, of Newark, N. J., *chairman*.

Guy Cambria, president, Connecticut Society of Certified Public Accountants.

John A. Conlin, president, New Jersey Society of Certified Public Accountants.

Victor H. Stempf, president, New York State Society of Certified Public Accountants.

Harry Ness, president, Pennsylvania Institute of Certified Public Accountants.

Douglass D. Besore, of Atlantic City, N. J.

J. William Hope, past president, Connecticut Society of Certified Public Accountants.

C. Whitford McDowell, chairman, Philadelphia Chapter, Pennsylvania Institute.

Harold B. Simpson, of New York.

Aaron S. Smith, of Atlantic City, N. J.

Philip E. M. Thompson, of Atlantic City, N. J.

Wentworth F. Gantt, executive assistant to the president of the New York State Society.

Frank A. Gale, assistant secretary, American Institute of Accountants.

CENTRAL STATES ACCOUNTING CONFERENCE

The Central States Accounting Conference was the result of coöperation by the state societies of Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, South Dakota, and Wisconsin. As in the case of the Eastern Four-States Conference, the American Institute of Accountants aided in obtaining speakers and making other arrangements.

Edward B. Wilcox, of Chicago, president of the Illinois Society of Certified Public Accountants and chairman of the Advisory Council of State Society Presidents, presented the keynote address on the theme "Accounting in the Public Interest," and again John L. Carey presented a message from the American Institute. I. B. McGladrey, of Cedar Rapids, Iowa, president of the Iowa Society and chairman of the Conference, made an address of welcome, and Fred J. Peterson, chairman of the conference committee, spoke on "The Purpose and Meaning of This Conference."

A feature of the program was a summary of expert testimony at the S.E.C. hearings on auditing practice and procedure given by three who were witnesses at the hearings—George D. Bailey, of Detroit, Charles W. Jones, of Chicago, and Hiram T. Scovill, of the University of Illinois.

Victor H. Stempf, president of the New York State Society, and a member of the committee on auditing procedure of the American Institute, discussed the report on auditing procedure recently adopted by the council of the Institute and by the New York State Society.

Among other topics discussed, as

outlined in the May issue of THE CERTIFIED PUBLIC ACCOUNTANT, were: internal audit procedure, fundamental educational requirements for the accountant, competitive bidding and solicitation, case studies in federal taxation, municipal accounting, and accounting reports and their meaning to the public.

The attendance at this meeting at some sessions was more than two hundred, many coming from distant points.

The general committee in charge of the conference was as follows:

Fred J. Peterson, Iowa, *chairman*
 P. L. Billings, Iowa, *secretary*
 E. A. Bertholf, Iowa, *treasurer*
 Cyril Talbot, Illinois
 C. C. Stevenson, Kansas
 Herman C. J. Peisch, Minnesota
 A. J. Saxer, Missouri
 Paul F. Swantee, Missouri
 E. C. Loucks, Nebraska
 Harry H. Hobbs, South Dakota
 Carl E. Dietze, Wisconsin
 I. B. McGladrey, Iowa
 E. G. Prouty, Iowa
 J. E. Bemis, Iowa
 C. N. Hostetler, Iowa
 Frank A. Gale, *assistant secretary*,
 American Institute of Accountants

Instruction in Tax Practice

A comprehensive program of instruction in federal income-tax practice for accountants and lawyers will be presented this summer by the Practising Law Institute, a nonprofit educational institution under provisional charter from the board of regents of the University of the State of New York. Courses of twenty hours each will be given for two hours daily from July 17th to 28th (except Saturdays and Sundays) at the Hotel Astor, New York, in:

Fundamentals of income tax
 Tax practice and procedure
 Current problems in taxation

Nominations

In accordance with article 11, section 1, of the by-laws, members of the Institute in seven states have been asked to suggest members for nomination for membership on the council of the Institute for terms beginning in the fiscal year 1939-1940. The committee on nominations will make its selections on the basis of the suggestions received in response to this request, and the names of the nominees will be announced prior to the annual meeting. The elections will be held on the last day of the annual meeting at San Francisco in the week of September 18th.

The states which are deemed by the committee on nominations to be entitled to representation on the council next year are as follows:

Georgia—one member of council
 Illinois—one member of council
 Kentucky—one member of council
 Louisiana—one member of council
 Pennsylvania—one member of council
 Virginia—one member of council
 Washington—one member of council

Following is the text of the circular letter sent by the committee to members in these states on May 9th:

Gentlemen: Under an amendment to Article XI, Section 1 (a) of the by-laws of the American Institute of Accountants effective February 10, 1936, the committee on nominations is required to send to members of the Institute, in states from which, in the opinion of the committee, members of council should be elected, a questionnaire requesting the names of members resident in the state concerned who are regarded as desirable candidates for election to the council.

This letter and the attached questionnaire are submitted in accordance with that provision, and it is requested that you respond within thirty days.

After a careful study of the existing personnel of council, your committee on nominations has concluded that the following states appear to be entitled to new representatives on the council next year:

- Georgia—one member of council
- Illinois—one member of council
- Kentucky—one member of council
- Louisiana—one member of council
- Pennsylvania—one member of council
- Virginia—one member of council
- Washington—one member of council

The provisions of the by-laws, together with certain precedents which have been enforced through the years, determine to some extent who may be elected to the council:

- (a) Of the 35 elected members of council there shall be not more than six from any one state.
- (b) A member proposed for election to council must be in public accounting practice at the time of nomination.
- (c) It has always been regarded as desirable that there should be not more than two members of council from any one firm.
- (d) It has also been regarded as desirable that no member of council who has served a full term

should be re-elected to succeed himself for another full term.

For your convenience we enclose herewith a list of the present membership of council, and a chart showing the extent to which the several states have been represented since formation of the Institute.

We trust that you will give careful consideration to this matter and will return your suggestions as soon as convenient. If the attached questionnaire does not permit full expression of your views, the committee would be glad to receive a letter.

Yours truly,

COMMITTEE ON NOMINATIONS

- Robert H. Montgomery, New York
- Norman L. McLaren, California
- Roy Andrae, Illinois
- James A. Councilor, District of Columbia
- Homer L. Dalton, Ohio
- Edward S. Rittler, Louisiana
- Ross T. Warner, Oklahoma

May 9, 1939

The statistical data and list of present council members accompanying this letter are reproduced on pages 19 and 20 of this issue. The questionnaire which the members were asked to return is as follows:

To COMMITTEE ON NOMINATIONS
AMERICAN INSTITUTE OF ACCOUNTANTS
13 EAST 41ST STREET, NEW YORK, N. Y.

Gentlemen: I propose the following member (or members) of the Institute resident in my state for nomination for membership of council:

.....

My reasons for this suggestion are as follows:

.....

Yours truly,
Signed.....

Date..... State.....

PERCENTAGE OF MEMBERS AND COUNCIL MEMBERS TO TOTALS

TERRITORY	1917-1936 AVERAGE PER CENT OF TOTAL				1937-1939 AVERAGE PER CENT OF TOTAL			
	In District Members	Council	In United States Members	Council	In District Members	Council	In United States Members	Council
New England States:								
Maine.....	2.08	—	.18	—	3.03	—	.25	—
New Hampshire.....	.98	—	.09	—	3.45	—	.28	—
Vermont.....	.43	—	.04	—	.94	—	.08	—
Massachusetts.....	76.03	73.59	6.67	6.57	68.86	66.67	5.57	5.13
Connecticut.....	10.71	12.46	.94	1.11	16.41	33.33	1.33	2.56
Rhode Island.....	9.77	13.95	.85	1.25	7.31	—	.59	—
	<u>100.00</u>	<u>100.00</u>	<u>8.77</u>	<u>8.93</u>	<u>100.00</u>	<u>100.00</u>	<u>8.10</u>	<u>7.69</u>
Middle Atlantic States:								
New York.....	70.28	50.14	32.10	18.81	64.18	48.84	26.56	17.96
New Jersey.....	4.68	14.12	2.14	5.30	5.42	11.63	2.24	4.28
Pennsylvania.....	17.05	17.87	7.79	6.70	17.20	23.25	7.12	8.55
Delaware.....	.42	2.26	.19	.85	.55	—	.23	—
Maryland.....	3.75	7.84	1.71	2.94	3.15	4.65	1.30	1.71
Virginia.....	2.04	5.93	.93	2.23	3.06	4.65	1.27	1.71
West Virginia.....	.41	—	.19	—	1.33	—	.55	—
District of Columbia..	1.37	1.84	.63	.69	5.11	6.98	2.11	2.56
	<u>100.00</u>	<u>100.00</u>	<u>45.68</u>	<u>37.52</u>	<u>100.00</u>	<u>100.00</u>	<u>41.38</u>	<u>36.77</u>
Southern States:								
North Carolina.....	5.46	—	.47	—	6.74	—	.85	—
South Carolina.....	1.23	—	.11	—	1.94	—	.25	—
Georgia.....	12.17	10.17	1.08	1.40	10.21	17.65	1.29	2.56
Florida.....	8.35	16.12	.74	2.23	8.54	17.65	1.08	2.56
Alabama.....	3.86	4.03	.34	.56	4.14	—	.52	—
Mississippi.....	1.86	8.06	.17	1.11	3.40	—	.43	—
Louisiana.....	14.99	14.21	1.33	1.96	11.62	17.65	1.47	2.56
Texas.....	24.54	22.08	2.19	3.04	24.90	17.65	3.16	2.56
Oklahoma.....	6.45	2.11	.57	.29	12.35	17.65	1.56	2.56
Arkansas.....	6.30	7.10	.56	.98	4.74	—	.60	—
Tennessee.....	14.99	16.12	1.34	2.23	11.42	11.75	1.45	1.71
	<u>100.00</u>	<u>100.00</u>	<u>8.90</u>	<u>13.80</u>	<u>100.00</u>	<u>100.00</u>	<u>12.66</u>	<u>14.51</u>
Central States:								
Ohio.....	21.10	18.59	3.87	3.63	20.61	21.05	3.84	3.42
Michigan.....	10.49	7.19	1.92	1.40	16.25	15.79	3.03	2.56
Illinois.....	59.98	59.97	10.99	11.72	51.93	52.63	9.68	8.55
Indiana.....	3.91	5.02	.72	.98	6.58	10.53	1.23	1.71
Kentucky.....	4.52	9.23	.83	1.80	4.63	—	.86	—
	<u>100.00</u>	<u>100.00</u>	<u>18.33</u>	<u>19.53</u>	<u>100.00</u>	<u>100.00</u>	<u>18.64</u>	<u>16.24</u>
West Central States:								
Minnesota.....	22.21	29.67	1.52	2.65	17.34	20.00	1.27	1.71
Iowa.....	9.87	17.21	.67	1.54	9.36	—	.69	—
Missouri.....	47.48	43.63	3.24	3.89	41.50	50.00	3.04	4.28
North Dakota.....	.71	—	.05	—	1.16	—	.08	—
South Dakota.....	—	—	—	—	.12	—	.01	—
Nebraska.....	4.63	6.23	.32	.56	4.51	—	.33	—
Kansas.....	2.56	—	.18	—	5.09	—	.37	—
Wisconsin.....	12.54	3.26	.86	.29	20.92	30.00	1.53	2.56
	<u>100.00</u>	<u>100.00</u>	<u>6.84</u>	<u>8.93</u>	<u>100.00</u>	<u>100.00</u>	<u>7.32</u>	<u>8.55</u>
Mountain States:								
Montana.....	24.10	—	.58	—	14.02	—	.39	—
Wyoming.....	.44	—	.01	—	1.83	—	.05	—
Colorado.....	42.18	72.63	1.02	1.83	31.71	57.14	.88	3.42
Idaho.....	—	—	—	—	6.40	—	.18	—
Utah.....	19.79	27.37	.47	.69	17.68	42.86	.49	2.56
New Mexico.....	1.44	—	.03	—	7.93	—	.22	—
Arizona.....	12.05	—	.29	—	20.43	—	.57	—
	<u>100.00</u>	<u>100.00</u>	<u>2.40</u>	<u>2.52</u>	<u>100.00</u>	<u>100.00</u>	<u>2.78</u>	<u>5.98</u>
Pacific Coast States:								
Washington.....	16.52	30.21	1.50	2.65	15.23	16.67	1.39	1.71
Oregon.....	13.86	12.69	1.26	1.11	7.43	8.33	.68	.85
Nevada.....	.04	—	—	—	.56	—	.05	—
California.....	69.58	57.10	6.32	5.01	76.78	75.00	7.00	7.70
	<u>100.00</u>	<u>100.00</u>	<u>9.08</u>	<u>8.77</u>	<u>100.00</u>	<u>100.00</u>	<u>9.12</u>	<u>10.26</u>
Total.....			<u>100.00</u>	<u>100.00</u>			<u>100.00</u>	<u>100.00</u>

NOTE.—Members resident in foreign countries and associates have been excluded from the computation. Council members include the four elected officers, thus making a total of thirty-nine, but exclude past presidents.

OFFICERS AND MEMBERS OF COUNCIL AS OF MAY 9, 1939

	<i>Name</i>	<i>State</i>	<i>Firm Affiliation</i>
President	Clem W. Collins	Colorado	Collins, Peabody & Young
Vice-presidents	Lewis Ashman	Illinois	Ashman, Reedy & Currier
	John K. Mathieson	Pennsylvania	Mathieson, Aitken & Company
Treasurer	Arthur W. Teele	New York	Patterson, Teele & Dennis

Terms Expire October, 1943

George Cochrane	New York	Deloitte, Plender, Griffiths & Company
Stanley G. H. Fitch	Massachusetts	Patterson, Teele & Dennis
Berl G. Graham	Ohio	Gano & Cherrington
Joseph J. Klein	New York	Klein, Hinds & Finke
Adrian F. Sanderbeck	Pennsylvania	Bachrach, Sanderbeck & Company
Rodney F. Starkey	New York	Price, Waterhouse & Co.
Ralph B. Stratford	Oregon	Whitfield, Stratford & Company

Terms Expire October, 1942

Marvin O. Carter	Tennessee	M. O. Carter
Charles F. Coates	Connecticut	Hadfield, Rothwell, Soule & Coates
Charles Carroll Croggon	Maryland	Haskins & Sells
George P. Ellis	Illinois	Wolf & Company
Ralph B. Mayo	Colorado	Ralph B. Mayo & Co.
George S. Olive	Indiana	Geo. S. Olive & Co.
Earl A. Waldo	Minnesota	Boulay, Anderson, Waldo & Co.

Terms Expire October, 1941

Miller Bailey	Missouri	Peat, Marwick, Mitchell & Co.
J. Chester Crandell	Massachusetts	Scovell, Wellington & Company
Norman L. McLaren	California	McLaren, Goode & Co.
Hugh A. Sinclair	Wisconsin	Peat, Marwick, Mitchell & Co.
William J. Taylor	Ohio	Brubaker, Fisher & Taylor
George M. Thompson	California	George M. Thompson
Dwight Williams	Oklahoma	Dwight Williams

Terms Expire October, 1940

Arthur H. Carter	New York	Haskins & Sells
Thomas H. Evans	Michigan	Evans Audit Company
P. W. R. Glover	New York	Barrow, Wade, Guthrie & Company
J. E. Hutchinson, Jr.	Texas	Hutchinson, Bonner & Burleson
Wayne Kendrick	D. C.	Wayne Kendrick & Co.
Maurice E. Peloubet	New Jersey	Pogson, Peloubet & Co.
C. Oliver Wellington	New York	Scovell, Wellington & Co.

Terms Expire October, 1939

Frederick B. Andrews	Illinois	F. B. Andrews & Company
M. H. Barnes	Georgia	M. H. Barnes & Co.
Lincoln G. Kelly	Utah	Lincoln G. Kelly & Company
Walter Mucklow	Florida	Walter Mucklow
I. Graham Pattinson	California	Price, Waterhouse & Co.
T. Edward Ross	Pennsylvania	Lybrand, Ross Bros. & Montgomery
Archie M. Smith	Louisiana	Archie M. Smith

Life Members of Council (Ex-Officio)

<i>Name</i>	<i>State</i>
Charles B. Couchman	New York
W. Sanders Davies	New York
John F. Forbes	California
Frederick H. Hurdman	New York
Robert H. Montgomery	New York
Carl H. Nau	Ohio
John B. Niven	New York
William H. West	New York

Accounting in Switzerland

Walter A. Staub has been officially appointed by the president of the Institute as its official representative at the twenty-fifth anniversary of the Verband Schweizerischer Bucherexperten. The meetings are to be held June 17th and 18th at Zurich, Switzerland. Mr. Staub's ancestors in both branches of his family came from Switzerland.

President Visits Eastern Societies

Making his first official visit to the state societies of the eastern seaboard, Clem W. Collins, of Denver, president of the American Institute of Accountants, addressed meetings of accountants in seven cities between May 1st and May 12th. He was accompanied by the secretary of the Institute. The theme of his talks at these meetings was "Accounting in the Public Interest." He dealt partly with the internal problems of the profession, including the necessity for maintenance of high ethical standards, the improvement of accounting and auditing techniques, and the education of the public to the meaning of accountants' reports. Mr. Collins said in part:

"There is no question that the public is entitled to know what we do and how we do it, but the erroneous idea that there is no body of principles or procedures uniformly understood and followed by the profession must be dissipated. Accountants understand the principles well, and employ them in their practice. What is needed is not the *development* of accounting principles but their *codification*. Change of accounting and auditing methods is not so much the need, as some observers suggest, but rather a better understanding of just what the scope of an accounting investigation is, what as-

surances the accountant intends to give and what responsibilities he can reasonably be expected to assume.

"It seems obvious that minimum audit procedure should be established and should be made known to all interested persons. Complete audits are seldom made. The cost of such audits would be prohibitive and the value questionable. In practically all cases well organized tests are quite as effective and revealing as complete verifications, and the policy of testing has become established practice among accountants. It is doubtful if those who use accountants' reports fully understand this fact."

He also discussed several questions of broad public importance in which accountants have an interest. He suggested revision of the income-tax laws to abandon the undistributed-profits tax and the normal tax on dividends, to permit deduction of all capital losses and a carrying forward of net losses to subsequent years, and to lengthen the time for filing returns. Mr. Collins advocated the appointment of a non-partisan commission to determine a permanent policy of federal taxation. He suggested amendment of the social-security act to limit payroll taxes to the present 2 per cent. He urged that employers be given equal rights with employees in labor disputes. He declared that extension of governmental control over business should be stopped, that every effort should be made to bring business and government into coöperative endeavor to improve conditions.

Following is a description of the several meetings:

Boston

On May 1st President Collins and the secretary of the Institute were entertained at luncheon by officers and

directors of the Massachusetts Society of Certified Public Accountants. In the evening a dinner meeting of the society at which about one hundred members and guests were present was held at the Parker House at which J. Harold Stewart presided. The secretary of the Institute was introduced and spoke briefly about the work of the national organization, after which Mr. Collins made his address.

HARTFORD

Officers and directors of the Connecticut Society of Certified Public Accountants entertained the American Institute representatives at the Hartford Club at luncheon May 2nd. In the afternoon the president and secretary were guests of the Connecticut members on a sightseeing trip by automobile over the Connecticut countryside. In the evening about eighty members of the society attended a meeting at the Hotel Bond. In the absence of Guy Cambria, president of the Connecticut Society, who was ill, Charles F. Coates, chairman of the Connecticut State Board of Accountancy and a member of the Institute's executive committee, presided and introduced the Institute's officers. Following their addresses there were a number of questions from the floor.

PHILADELPHIA

A dinner meeting of the Philadelphia chapter of the Pennsylvania Institute of Certified Public Accountants was held in honor of the president of the Institute at the Penn Athletic Club May 3rd. C. Whitford McDowell, chairman of the chapter, presided. He introduced Harry Ness, president of the Pennsylvania Institute, who spoke briefly prior to Mr. Collins' address. About one hundred and fifty members of the chapter were present.

WASHINGTON, D. C.

The president and secretary of the Institute were greeted on their arrival at the national capital by Raymond M. Florance, president of the District of Columbia Institute of Certified Public Accountants. In the afternoon the legislative committee of the District Institute met with the Institute officers to discuss proposed legislation which might lower the standards of the C.P.A. certificate of the District of Columbia. In the evening about sixty members of the District Institute assembled at the Hay Adams House for a dinner meeting at which Mr. Florance presided. Remarks by the president and secretary of the Institute were followed by a number of questions from the floor.

NEW YORK

President Collins was the principal speaker at the annual meeting of the New York State Society of Certified Public Accountants held at the Waldorf-Astoria Hotel in the evening of May 8th. About three hundred and fifty members were present. Lively discussion from the floor followed his address. Victor H. Stempf, president of the New York State Society, occupied the chair.

ROCHESTER

On May 11th the president and secretary were guests at a meeting of the Rochester chapter of the New York State Society of Certified Public Accountants at the Chamber of Commerce. About thirty-five members and guests were present, including Wentworth F. Gantt, assistant to the president of the New York State Society. Ralph S. Good, chairman of the Rochester chapter, presided. During the afternoon the secretary of the Institute was the guest of Otto A. Shults at the Oak

Hill Golf Club and the president was taken on a sightseeing trip by Mr. Good.

BUFFALO

Officers and directors of the Buffalo Chapter of the New York State Society of Certified Public Accountants entertained Messrs. Collins, Carey, and Gantt at luncheon at the Buffalo Athletic Club May 12th. In the afternoon golf had been arranged for the visitors at the Park Country Club where an evening chapter meeting also took place. About fifty-five members and guests were present, including a delegation from the Buffalo Control of the Controllers Institute of America. Edward P. Klingenstein, chairman of the Buffalo Chapter, presided at the meeting and introduced the Institute's officers and Mr. Gantt, all of whom addressed the meeting.

The Buffalo meeting concluded Mr. Collins' visits in the East and he returned to Denver on the following day.

Ohio Institute on Accounting

The College of Commerce of the University of Ohio on May 19th and 20th on the university campus at Columbus held its second annual Institute on Accounting. The program which included addresses by accounting practitioners, teachers of accounting, and representatives of government, drawn from seven or more different states, was described in the May issue of this bulletin.

Price Research

As a representative of the Institute, Harry Hough, of New York, attended a meeting of the Conference on Price Research held at New York on April 28th for discussion of matters related to price movements in industry.

Contributors to Research Department

Following is a list of contributors to the research department fund, supplementing the lists published in the April and May issues:

BARROW, WADE, GUTHRIE & Co.

GEORGE M. ABBOTT, Dallas, Texas

CHARLES A. BENNETT, New York, N. Y.

FORD L. BILLUPS, Oklahoma City, Okla.

JOEL M. BOWLBY, Chicago, Ill.

JOHN M. BROWN, Utica, N. Y.

JAMES H. CAVE, Boston, Mass.

JOSEPH C. COBB, Houston, Texas

W. A. COOPER, New York, N. Y.

CHARLES B. COUCHMAN, New York, N. Y.

HOMER L. DALTON, Toledo, Ohio

PAUL W. FITZKEE, Tulsa, Okla.

P. W. R. GLOVER, New York, N. Y.

WILLIAM L. HAUSMAN, St. Louis, Mo.

PERCY M. HENDRIE, Boston, Mass.

JOHN M. IVORY, Waterbury, Conn.

R. W. KIERSTED, Cleveland, Ohio

DONALD M. KIMBALL, Detroit, Mich.

GEORGE C. LIEB, Philadelphia, Pa.

THOMAS A. MACKENZIE, New York, N. Y.

JAMES M. McCONAHEY, Seattle, Wash.

JOSEPH McELROY, Dallas, Texas

JAMES MYLES, JR., New York, N. Y.

ALFRED A. RITCHIE, New York, N. Y.

FRANK G. SHORT, San Francisco, Calif.

FRANCIS SMALL, Philadelphia, Pa.

CYRIL TALBOT, Chicago, Ill.

MARSHALL M. THOMAS, New York, N. Y.

CHARLES THOMPSON, New York, N. Y.

GEORGE F. WINTERS, Tulsa, Okla.

FREDERICK W. WULFING, New York, N. Y.

PHILO R. ZIMMERMAN, Seattle, Wash.

ALEXANDER H. BEARD, New York, N. Y.

WILLIAM DILLON & SON, Boston, Mass.

ERNST & ERNST, Cleveland, Ohio
 WILLIAM P. FIELD, Havana, Cuba
 STANLEY G. H. FITCH, Boston, Mass.
 LOUIS P. GALENSON, New York, N. Y.
 GOLDENBERG, ROSENTHAL COMPANY,
 Philadelphia, Pa.
 GOODMAN & GOODMAN, Boston, Mass.
 EDWARD J. GREANEY, Honolulu, T. H.
 JOHN HEINS & Co., Philadelphia, Pa.
 ANDREW K. BIRCH
 WILLIAM J. BLAIR
 ALFRED C. BROMBACH
 I. RUSSELL BUSH
 JOSEPH HERMANN, JR.
 ROGER K. NEVIUS
 WILLIAM E. REDDICKS
 LESTER HERRICK AND HERRICK, San
 Francisco, Calif.
 ISENBERG, PURDY & DONOVAN, De-
 troit, Mich.
 KENNETH N. LOGAN, San Francisco,
 Calif.
 HARRY L. OPPENHEIMER, Chicago, Ill.
 P. S. PAGE, Manila, P. I.
 PAUL W. PETTENGILL, Chicago, Ill.
 WAYNE E. POLLARD, Rockford, Ill.
 CHARLES F. RITTENHOUSE & Co.,
 Boston, Mass.
 SCOVELL, WELLINGTON & Co., New
 York, N. Y.
 FRANK A. SHALLENBERGER, Baltimore,
 Md.
 LAWRENCE E. SKEES, Washington, D. C.
 STERN, PORTER, KINGSTON & COLE-
 MAN, New York, N. Y.
 LYMAN M. STRAINE, Sacramento, Calif.
 HUGH C. TENNENT, Honolulu, T. H.
 C. P. WHITE, Manila, P. I.
 WOODEN & BENSON, Baltimore, Md.

Appointment

Henry B. Fernald, of New York, N. Y., has been elected to the Council of New York University under a new plan for broader alumni participation in the governing body of the institution. The council will elect each year one alumnus of the University from a list of at least three candidates nominated by the directors of the Alumni Federation.

Travels of Officers

During the past few weeks Lewis Ashman and John K. Mathieson, vice-presidents of the Institute, have visited certified public accountants in eleven midwestern and southern cities. At the request of the editor each has written a letter recounting incidents in his travels, as follows:

Editor, THE CERTIFIED PUBLIC ACCOUNTANT:

DEAR SIR: You have asked that I write a letter for publication in THE CERTIFIED PUBLIC ACCOUNTANT telling something of my recent visits to certified public accountants in several midwestern cities.

Milwaukee

My visit to the Milwaukee Chapter of the Wisconsin Society of Certified Public Accountants was arranged for April 20th to conform to the spring meeting date of the chapter. As my home is only sixty miles from Milwaukee, not far from the four-lane Skokie Boulevard connecting Milwaukee and Chicago, it was most convenient for me to drive. The route has little to commend it besides speed; it was a lonesome and uneventful trip going, and only slightly less so returning, a steady rain necessitating more than ordinary care. Milwaukee, however, is a good city to visit at any time; it is beautiful, staid, and substantial.

I was met by Hugh A. Sinclair, member of the council of the Institute, and by Milton A. Feldmann, president of the Wisconsin Society. The meeting, which was held at the City Club, was presided over by R. F. Linehan, chairman of the Milwaukee Chapter, and was attended by about 140, including some 30 newly constituted certified public accountants as guests. The certificates of these successful candidates were presented by Clarence H. Lichtfeldt, president of the Wisconsin State Board of Accountancy, who delivered an address dwelling upon the

responsibilities of holders of C.P.A. certificates. This ceremony appealed to me as particularly appropriate, and I am sure that it impressed the recipients of the certificates.

Among those present was Sheppard E. Barry, controller of the Northwestern Mutual Life Insurance Company, a member of the Institute for many years. It is gratifying to observe the continuing interest in professional matters of accountants who have attained positions of eminence in other fields.

I had the honor of addressing the meeting on subjects connected with the Institute.

Madison

I arrived in Madison on the afternoon of May 23rd, and put up at the Madison Club, ideally situated on the shore of Lake Monona. Madison is a city of rare charm lying between two beautiful lakes. The state capital rises on a height near the center of the city, and the University of Wisconsin is located on the shore of the larger of the lakes, Lake Mendota.

Late in the afternoon I had the pleasure of driving about five miles over winding and interesting roads to the home of the president of the Madison Chapter, Ronald Mattox. This letter is not intended as a topographical report, but the natural beauty of Madison and environs is such that if one failed to mention it he could be properly accused of lacking appreciation. Something of the spirit of the founders of Arlington, Mount Vernon, Wakefield, and Monticello must have inspired Mr. Mattox in selecting his homesite; the house, which gives the impression of having grown naturally out of the hill on which it is located, commands a majestic view of Lake Mendota and the surrounding country. A charming hostess and two merry youngsters complete the picture. Surely this is an ideal spot to forget the cares and responsibilities of an accountant's office.

The dinner meeting was held at the

Madison Club. There I met Professor Fayette H. Elwell of the University of Wisconsin and a number of other Madison accountants, all of whom evinced much interest in the recent report of the Institute's special committee on auditing procedure. The merits of the new procedure with respect to receivables and inventories were discussed at length. Although some were inclined at first to be critical of the action of the council in approving the report, discussions of the labors of the special committee, the application of the new form of certificate to the smaller companies, the procedure to be followed in specific cases, and the natural limitations of auditors as examiners of inventories, appeared to reconcile differences of opinion. I felt that a worthwhile contribution was made by a local banker who was present and at the close of the discussion voiced his approval of the action of the Institute.

The new bureau of research also was the subject of some discussion. I thought that the meeting was very satisfactory. It left me feeling that Madison accountants keep themselves well informed, and respecting their abilities for independent thinking and their professional viewpoints.

Minneapolis

The much-heralded points of interest of American cities are often disappointing. In visiting New York one finds that Broadway is not a wide thoroughfare with many interesting sights; in Chicago the stockyards are not in the center of the city, although at certain times from an olfactory standpoint they might as well be there; and in Minneapolis the architecture is not of Swedish design and coloring, the influence of that race being most pronounced here in its love for and patronage of music.

Reservations had been made for me at the Minneapolis Athletic Club, where several Minneapolis accountants gathered for luncheon. In the afternoon, with Earl A. Waldo as guide and

chauffeur, I drove to St. Paul to visit for a half-hour with Herbert M. Temple. From there we proceeded to call upon Herman C. J. Peisch, who as a convalescent from an appendectomy was enjoying himself hugely in a hospital room surrounded by beautiful flowers and nurses,—with Mrs. Peisch a devoted attendant.

The dinner meeting, held at the Minneapolis Athletic Club on the evening of May 24th, was well attended, the room being filled to capacity. The occasion was the annual meeting of the Minnesota Society of Certified Public Accountants. With President Albert G. Larsen in the chair, the organization functioned admirably, disposing of committee reports, resolutions, and elections with dispatch. An amusing incident was provided near the close of the business meeting by some facetious members who attempted a raid on the Society's treasury, resulting, as evidently was expected, first in the dismay and then in the aggressive opposition of the president, who had just been re-elected.

Following the meeting and the remarks which I addressed to the Society, there ensued a general discussion of the report of the Institute's special committee on auditing procedure and of the new form of certificate.

The meeting was characterized by good fellowship. In addition to members from Minneapolis and St. Paul, at least one came from as far away as Duluth, V. J. Pedrizetti.

Kansas City

I arrived in Kansas City early on the afternoon of May 25th. Miller Bailey, a member of the council, called at my room and we spent a pleasant hour discussing professional matters. He had been called upon to address a meeting of Mississippi accountants at Natchez, and left for that interesting old city later in the afternoon.

Then came Henry Cuneo, secretary of the Kansas City Chapter, who led me to a pleasant spot where Parry

Barnes, Elmer W. Ross, and a few others were forgathered. Thenceforth until the dinner meeting, the group was entertained by Barnes, who is a raconteur of parts, aided by Ross in one important matter dealing with racial characteristics.

This was the annual meeting of the Kansas City Chapter. It was conducted genially by Paul F. Swantee, who soon is to bid farewell to his many friends in Kansas City and assume new duties with his firm in New York City. Mr. Ross was elected as president to succeed him.

The meeting was marked by a spirit of friendliness and good-fellowship such as I had never before observed outside of clubs, but which I found also prevalent with the St. Louis Chapter. These Missourians have a charm and hospitality of their very own. I addressed them reluctantly, feeling a certain guilt in forcing an anticlimax, but to my surprise they could and did turn immediately to more serious matters. Toward the close of the meeting the report of the special committee on auditing procedure was discussed at length by Parry Barnes, Edward Fraser, Richard S. Wyler, and several others.

I left Kansas City with regret, but with a feeling of satisfaction at the fitness of some events in my personal experiences, for whereas it was in this city at the Institute's convention in 1932 that I first participated actively in Institute affairs, it was here also that I had completed my period of service,—the St. Louis meeting was to follow an afternoon of golf, which would mean relaxation for me instead of work.

St. Louis

John J. Lang, president of the Missouri Society, was my host at a delightful luncheon and my pilot to the Sunset Country Club. Situated about fifteen miles from the main section of the city, this club is a spot long to be remembered. The buildings can best be described as comfortable, for they have been sufficiently mellowed by time to

conduce to a feeling of leisure and relaxation. The course is quite rugged, and is very beautiful; at numerous points it affords magnificent views of the Meramec River valley and adjacent semimountainous country. A considerate scorekeeper forgot to mention the number of strokes; one reflects that they mount in proportion to the views one takes of the scenery.

In the locker room I came to know an accounting firm newly organized for the occasion, Messrs. O'Connell, Cronk & Sheehan, who were occupying a most strategic position. This firm had what probably was the leading part in this portion of the program; it is no more than fair to add that the senior partner, Mr. O'Connell, subsequently participated with sober and considered judgment in the business meeting.

It would have been difficult to find a more suitable setting for the dinner meeting. The dining room is a detached building, circular, or nearly so, in shape; the walls are embellished with mellowed oak of ornamental design; and the ceiling is of unusual height. The dinner was good. This, the annual meeting of the St. Louis Chapter, was conducted in part by the retiring president, Louis J. Kerber, and in part by his successor, William L. Hausman. Annual reports of officers and committees were ably presented; it was a pleasure to observe the machinery of the chapter functioning so smoothly, and the spirit of professional good fellowship prevailing.

Mr. Lang drove me to my hotel in a heavy rain. He was very considerate of my welfare and even made the sacrifice of loaning me his golf clubs.

I was disappointed not to meet again my friend and co-worker for several years in the council of the Institute, E. G. H. Kessler, who was reported to be sojourning on his ranch in the Ozarks, recuperating from the shock of the death of a partner and the additional duties imposed by that loss. I was pleased to renew acquaintances

with August J. Saxer, a loyal attendant at Institute conventions, and Edwin H. Wagner, a former vice-president of the Institute.

Yours truly,

LEWIS ASHMAN

Editor, THE CERTIFIED PUBLIC ACCOUNTANT:

DEAR SIR: At your suggestion, I am outlining my present recollections of the high lights of my recent tour of the southern states.

Without exception my remarks pertaining to the problems of the profession—problems arising not only out of relatively recent happenings but through normal growth of the organization itself—were seriously received and discussed. The line of discussion in each place was very much the same, the time at dinner meetings varying from two to four hours.

Louisville

My first stop was at Louisville where at the time the water in the Ohio had risen to the point of being news and the city was becoming somewhat concerned. A committee of the Kentucky Society, after a very pleasant luncheon, decided that we should inspect Churchill Downs and see some of the horses to be entered in the Derby which was to be run the following week. We found that the track owners were taking advantage of what the year before had been grass plots to put in additional seating capacity, that plenty of paint was being used, and that the track seemed in good shape.

Nashville

At Nashville the next day part of the morning was spent in meeting some of the leading bankers and businessmen in the town. The afternoon, after a pleasant luncheon, was given over to inspection of the city and the immediate vicinity, including the home of Andrew Jackson and other points of

particular interest in the surrounding country.

Memphis

The activities of the next day at Memphis began early through the courtesy of Harry Jay, who met me at the hotel immediately after I checked in from the station. We had a very interesting evening meeting, with between fifty and sixty in attendance and James A. Matthews presiding. After the meeting, we adjourned to the roof of the Peabody Hotel to continue discussion.

I flew to Philadelphia from Memphis Sunday afternoon to get a much needed rest at home.

Atlanta

Wednesday morning I was again on my way to further visits, arriving in Atlanta the middle of the afternoon. My reception was in typical southern style, with something arranged for my entertainment and pleasure from the time I arrived until the time of the night the party decided to adjourn in view of the fact I had to be up early the next morning.

Charlotte

Flying from Atlanta to Charlotte I arrived about eleven o'clock on Thursday morning to be met at the airport by the head of the Chamber of Commerce. I received an invitation to be a guest at the Kiwanis Club luncheon that day. In the afternoon I was treated to what they called a baseball game, in which everything happened that was possible. The final score was Charlotte 14, Norfolk 9, but there were 21 hits, 17 errors, and 11 pitchers used, although I understand the score counted in the season averages.

Columbia

The following day, Friday, was the final one of this trip, spent at Columbia, S. C. I was met at the station by Mr. Winn, president of the South Carolina Society, and Mr. Ready, the

secretary, who were ably assisted in the afternoon by Mr. Olsen, so that again I had an introduction to the countryside, a good meeting, and safe delivery to the train at midnight for my trip home.

Yours truly,

J. K. MATHIESON

Arthur L. Burton

Arthur L. Burton, of Providence, R. I., died on April 28, 1939. Mr. Burton was born in 1908 in Plainfield, Conn., and was educated in the public schools of Plainfield and Fairhaven, Mass. He lived for several years in China and was graduated from St. Louis College, Tientsin, China, in 1927. Mr. Burton then returned to this country and received the degree of Bachelor of Business Administration from Bryant-Stratton College in Providence, in 1929. His public accounting experience began when he joined the staff of Over, Ormiston & Company, of Providence, shortly after finishing at Bryant-Stratton College. Five years later Mr. Burton was appointed deputy budget director for the State of Rhode Island, which position he held at the time of his death. He was a member of the Rhode Island Society of Certified Public Accountants, and had been a member of the American Institute of Accountants since 1933.

Arthur B. Gordon

Arthur B. Gordon, of Chicago, Ill., died recently, the Institute has been informed. He was born at Red Oak, Iowa, in 1871 and attended Red Oak High School, and also the Northwestern School of Commerce at Chicago. Mr. Gordon had been engaged in public accounting practice since 1900 and at the time of his death was practising under his own name. For one year Mr. Gordon

was on the staff of the Chicago Bureau of Public Efficiency. He was a certified public accountant of Iowa and a member of the Iowa Society of Certified Public Accountants. He had been a member of the American Institute of Accountants since 1916.

Joseph E. Hutchinson, Sr.

Joseph E. Hutchinson, Sr., of Dallas, Texas, died on May 18th at the age of 74. Mr. Hutchinson was born in Greensboro, Ala., and received his education at the University of Alabama and at Southern University, also in Alabama. He was one of the pioneers in public accounting in Texas, having begun practice there in 1907, and it was partly through his efforts that legislation creating the certified public accountant certificate in Texas was enacted. He also helped organize the Texas State Society of Certified Public Accountants. A member of the American Institute of Accountants since 1913, Mr. Hutchinson served on its council during the period 1920-1926 and on a number of its committees, including the committee on state legislation and the committee on subsidiary organizations. At the time of his death, he was a senior partner in the firm of Hutchinson, Bonner & Burleson at Dallas.

Harry W. Roberts

Harry W. Roberts, of Pontiac, Mich., died suddenly on May 6th at the age of 58. He was born in Cecil County, Md., and was educated in the public schools of Maryland and Delaware. During the World War Mr. Roberts was employed by the DuPont Company as a cost accountant, and in 1919 he moved to

Pontiac to join the staff of the Oakland Motor Car Company there. He was subsequently appointed treasurer of that company. In 1922 he became cost accountant for the Wilson Foundry & Machine Company, but four years later resigned to establish a public accounting practice of his own. In 1936 Mr. Roberts was appointed a member of the City Commission of Pontiac, Mich., which position he held at the time of his death. He was also secretary of the Montieth Land Company. Mr. Roberts was a member of the Michigan Society of Certified Public Accountants. He had been a member of the American Institute of Accountants since 1935.

Francis H. E. Walter

Francis H. E. Walter, of Sharon, Mass., died on May 13th at the age of 52. Mr. Walter was born in South Boston and received his education at the liberal arts college and the school of business administration of Boston University. He attended the Bentley School of Accounting in Boston, and subsequently taught there for a number of years. He also taught for a time in the Boston High School of Commerce. In 1920 he joined the accounting firm of H. C. Hartshorn, of Boston, and in 1923 formed the partnership of Hartshorn and Walter with Mr. Hartshorn. From 1934 to the time of his death, Mr. Walter was the sole proprietor of Hartshorn and Walter. He was active in civic affairs of Sharon throughout his life. He was a certified public accountant of Massachusetts and a member of the Massachusetts Society of Certified Public Accountants. Mr. Walter had been a member of the American Institute of Accountants since 1925.

Middle Atlantic States Accounting Conference

Additions just announced by A. Frank Stewart, of Richmond, Va., co-chairman of the plans committee for the Middle Atlantic States Accounting Conference, have brought the program for that meeting to completion. The conference will be held at the John Marshall Hotel in Richmond on Friday and Saturday, June 16th and 17th.

Among the names and events added to the program since news reference was made to it in the May issue of *THE CERTIFIED PUBLIC ACCOUNTANT* are those of Henry A. Horne and Norman J. Lenhart, both of New York, N. Y., who will present a summary of expert accounting testimony given at the recent S.E.C. hearings on auditing practice and procedure. The presentation will take place on the afternoon of June 17th. Messrs. Horne and Lenhart were among the expert witnesses who appeared at the S.E.C. hearings.

Another name added to the program is that of Representative Clifton A. Woodrum, member of Congress from the sixth district of Virginia, who will address the closing conference dinner on the evening of June 17th. W. L. Elkins, of Richmond, Va., will present an address on "The Purpose and Meaning of This Conference" at the opening general session on June 16th. The theme address of the conference will be presented, also at the opening session, by Dean Raymond B. Pinchbeck² of the University of Richmond.

Wayne Kendrick, of Washington, D. C., member of council of the American Institute of Accountants, will speak on "Extensions of Auditing Procedure" at the first conference luncheon on June 16th. As announced earlier, E. F. Bartelt, commissioner of accounts and deposits of the Treasury Depart-

ment, will speak on "The Accounting System of the United States" at the second conference luncheon on June 17th.

J. Arthur Marvin, of New York, N. Y., will be one of two commentators under the subject of "An Accountant's Responsibility to His Profession, to the Public, and to His Client" on June 16th. "The principal paper on this subject will be presented by Frank A. Shallenberger, of Baltimore, Md. James A. Councilor, of Washington, D. C., will present a paper on "Social-Security Taxation," also on the morning of June 16th. Harold C. Anderson, chairman of the special committee on social-security act of the American Institute of Accountants, will serve as a commentator on the program with Mr. Councilor.

Frank Wilbur Main, of Pittsburgh, Pa., will present a paper on "Training and Opportunities for the Young Man in Accounting" on June 16th. Commentators with him will be George E. Perrin, of Greensboro, N. C., and Luther Roland Modlin, Jr., director of the Evening School of Business Administration of the University of Richmond. W. P. Hilton, of Norfolk, Va., will present the principal paper on the subject of "Problems of the Local Practitioner" on the afternoon of June 16th. Serving on the program with him as commentators will be C. Vaughan Darby, of Washington, D. C., and Burton M. Irving, of Baltimore, Md.

Mr. Stewart has made an arrangement with radio station WRVA in Richmond by which a number of well known members of the profession will take part in a broadcast in connection with the station's "What America Thinks" series. The subject for the broadcast, which will take place on the evening of June 16th, is "What America Thinks of Accounting."

Beta Alpha Psi Notes

DELTA CHAPTER

University of Washington, Seattle

The Delta Chapter was to hold its spring banquet at the Washington Athletic Club on May 16th. The following speakers were scheduled to address the group: John F. Forbes, of San Francisco, Calif., honorary member of the chapter, on "Problems of the Accounting Profession"; Howard H. Preston, dean of the College of Economics and Business of the University of Washington, newly elected honorary member of the Delta Chapter, on "The Actives"; Fred W. Woodbridge, past president of the Grand Council of Beta Alpha Psi and charter member of the Delta Chapter, on "The Alumni." Victor E. Rabel, president of the Washington Athletic Club and vice-president of the Star Machinery Company, was to act as toastmaster.

OMICRON CHAPTER

Ohio University, Columbus

The members of Omicron Chapter who had just returned from three months work with various public accounting firms were present at the first meeting of the spring quarter. Each member related some of his experiences during the time he was on field work. Twenty of the twenty-eight men who were assigned to field work this year were Beta Alpha Psi members. Of the twenty, eleven were located in New York, N. Y.; four in Cleveland, Ohio; two in Detroit, Mich.; and one each in Cincinnati, Ohio, Tulsa, Okla., and Newark, N. J.

RHO CHAPTER

University of Minnesota, Minneapolis

Rho Chapter initiated eighteen students into Beta Alpha Psi on May 3rd.

Herbert E. Miller was initiated as a faculty member and William W. Wernitz, chief accountant of the Securities and Exchange Commission, was initiated as an honorary member.

At a banquet in the evening, Beta Alpha Psi acted as host to the Minnesota Statistical Association and the Minnesota Society of Certified Public Accountants. Included on the program were short talks by Howard Hoesel, president of Beta Alpha Psi, Warren C. Waite, president of the Minnesota Statistical Association, and Albert E. Larsen, president of the Minnesota Society of Certified Public Accountants. Dean Russell A. Stevenson, of the School of Business Administration, introduced Mr. Wernitz, who discussed "Disclosure and Presentation in Financial Statements." There were 125 persons at this banquet and it was considered a successful meeting. It is expected that this joint meeting of the three groups will become an annual affair.

On May 18th the members of the chapter were the guests of H. M. Temple, a certified public accountant of St. Paul, Minn.

Election of Members

In the absence of protest, the president has declared elected as members and associates, respectively, thirty-one applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot. Following are the new members and associates:

ADVANCED TO MEMBERSHIP

Charles J. J. Cox, New York, N. Y.

ADMITTED AS MEMBERS

Roland J. Christy, Philadelphia, Pa.
W. F. Clausing, Wichita, Kan.
Lewis P. Fox, Syracuse, N. Y.

Anthony E. Good, St. Louis, Mo.
 B. Bernard Greidinger, New York, N. Y.
 Irving Grover, Duluth, Minn.
 Harry F. Guentner, Milwaukee, Wis.
 Augustus A. Harmon, New Orleans, La.
 Claude W. Hupp, New York, N. Y.
 J. H. Imig, Omaha, Neb.
 Adolph C. Meyer, San Francisco, Calif.
 Ferdinand L. Mino, Cleveland, Ohio
 Edward E. Schlanger, Canton, Ohio
 Frederick W. Scholz, New York, N. Y.
 Raymond H. Sifrit, New York, N. Y.
 Hassel Tippit, Cleveland, Ohio
 Henry P. Vollkommer, New York, N. Y.

ADMITTED AS ASSOCIATES

Philip A. Benson, New York, N. Y.
 Henry E. Greene, New York, N. Y.
 Sandifer B. Heard, Shreveport, La.
 John K. Hedler, Washington, D. C.
 Thad R. Jackson, Boston, Mass.
 Morris A. Martin, Fresno, Calif.
 Dean J. McCormick, St. Louis, Mo.
 John D. Ready, Meridian, Miss.
 Francis D. Reynolds, New York, N. Y.
 James N. Robinson, Newport News, Va.
 Harold S. Tallman, New York, N. Y.
 Everett D. Tobin, Grand Rapids, Mich.
 Russell S. Willcox, Columbus, Ohio

State Accountancy Legislation

Report of Bills in Progress

CALIFORNIA

Assembly bill 1860 relating to the practice of accounting was forwarded to the Governor, May 22nd. If approved, full text of the bill will appear in a subsequent issue.

COLORADO

The first special session of the legislature adjourned sine die May 12, 1939, without taking any action on accountancy legislation.

CONNECTICUT

No further action reported on Senate bill 305.

FLORIDA

Florida house bill 528 was reported favorably to the House May 31st.

House bill 600 was reported unfavorably to the House, May 16th.

House bill 932, introduced May 3rd, would grant waiver certificates to wounded war veterans.

House bill 1256, which would authorize the state board of accountancy to examine orally or by special written examination, certain applicants for the

C.P.A. certificate, was reported favorably to the House May 16th. The bill is being opposed both by the Florida Institute of Accountants and the American Institute of Accountants.

MASSACHUSETTS

No further action reported on House bill 1775.

MISSOURI

Senate bill 212 passed in the House, May 17th.

No further action reported on House bill 416.

NEW YORK

The legislature adjourned sine die May 20th. None of the legislation previously reported was enacted.

OHIO

No further action has been reported on Senate bill 250.

PENNSYLVANIA

The legislature adjourned sine die May 30th. None of the legislation previously reported was enacted.

PUERTO RICO

No further word has been received concerning House bill 573.

Meetings and Elections

California Society of C.P.A.'s

Los Angeles Chapter

Date: May 8, 1939.

Speaker: Henry Rand Hatfield, professor of accounting, University of California at Berkeley, on "An Accountant's Adventure in Wonderland."

Georgia Society of C.P.A.'s

Atlanta Chapter

Date: May 19, 1939. Annual Meeting.

Elections: Chairman—Thomas M. Weber, Jr.

First vice-chairman—Byron P. Harris.

Second vice-chairman—James B. Carson.

Secretary—Thomas A. Avery.

Treasurer—Eugene F. Moore.

Columbus Chapter

Date: May 5, 1939.

Elections: Chairman—S. M. Wellborn, Jr.

Vice-chairman—B. C. Taylor.

Secretary-Treasurer—James H. Willis.

Indiana Association of C.P.A.'s

Date: May 13, 1939. Annual Meeting.

Place: Indianapolis.

Elections: President—Gregory F. Detmer, of Fort Wayne.

Vice-president—John W. Miller, of Indianapolis.

Secretary—John S. Lloyd, of Indianapolis.

Treasurer—Floyd H. Kirlin, of Indianapolis.

Massachusetts Society of C.P.A.'s

Date: May 22, 1939.

Place: Boston.

Elections: President—J. Harold Stewart, of Boston.

Vice-president—Albert E. Hunter, of Boston.

Secretary—Edward J. McDevitt, of Boston.

Treasurer—Philip Saunders, of Boston.

Auditor—William C. Guay, of Boston.

Minnesota Society of C.P.A.'s

Date: May 24, 1939. Annual Meeting.

Elections: President—Albert E. Larsen, of Minneapolis.

First vice-president—A. O. Grover, of Duluth.

Second vice-president—Hartwell Wilkerson, of St. Paul.

Secretary—Edwin L. Pearson of Minneapolis.

Treasurer—Mervyn B. Baker, of Minneapolis.

Mississippi Society of C.P.A.'s

Date: May 26 and 27, 1939. Annual Meeting.

Place: Natchez.

Elections: President—Silas Simmons, of Natchez.

Vice-president—A. L. Evans, of Gulfport.

Secretary-Treasurer—R. L. Stainton, of Jackson.

Missouri Society of C.P.A.'s

Kansas City Chapter

Date: May 25, 1939. Annual Meeting.

Elections: President—Elmer W. Ross.

Vice-president—A. Henry Cuneo.

Vice-president—Wilbur R. Williamson.

Secretary—Francis E. Teel.

Treasurer—Arthur H. Bowen.

New Jersey Society of C.P.A.'s

Date: May 10, 1939. Annual Meeting.

Place: Newark.

Elections: President—Theodore Krohn, of Newark.

First vice-president—Andrew Nelson, of Elizabeth.

Second vice-president—George J. Strong, of Montclair.

Secretary—Harold A. Eppston, of Newark.

Treasurer—John W. Queenan, of Newark.

New York State Society of C.P.A.'s*Date:* May 8, 1939. Annual Meeting.*Place:* New York.*Elections:* President—Victor H. Stempf, of New York.

First vice-president—A. S. Fedde, of New York.

Second vice-president—Andrew Stewart, of New York.

Secretary—G. Charles Hurdman, of White Plains.

Treasurer—A. F. Reeve, of New York.

Assistant to president—Wentworth Gantt, of New York.

Albany Chapter*Date:* May 17, 1939.*Elections:* President—William J. Nusbaum.

Vice-president—John B. Cantwell.

Secretary—Eugene J. Steiner.

Treasurer—Irving L. Simon.

Buffalo Chapter*Date:* April 10, 1939. Annual Meeting.*Elections:* President—Edward P. Klingemeier.

Vice-president—Jerome P. Hausle.

Secretary—Benjamin L. Enloe.

Treasurer—R. Douglas Campbell.

Rochester Chapter*Date:* May 16, 1939. Annual Meeting.*Elections:* President—Ralph S. Good.

Vice-president—Robert Morrow.

Secretary—James Jackson.

Treasurer—Herman Miller.

Ohio Society of C.P.A.'s**Dayton Chapter***Date:* May 18, 1939. Annual Meeting.*Elections:* President—Don D. Battelle.

Vice-president—R. Allan Parker.

Secretary-Treasurer—Robert N. Lloyd.

Toledo Chapter*Elections:* President—Don C. Smith.

Vice-president—Robert P. Nelson.

Secretary—F. R. Messinger.

Treasurer—Thomas J. Dolan.

Puerto Rico Institute of Accountants*Date:* March 5, 1939. Annual Meeting.*Place:* San Juan.*Elections:* President—Emiliano Pol, Jr., of San Juan.

Vice-president—J. E. Soltero Peralta, of Mayaguez.

Secretary—B. Rosas Hernandez, of San Juan.

Treasurer—P. E. Purcell, of San Juan.

Washington Society of C.P.A.'s*Date:* May 12, 1939*Elections:* President—Louis E. Smith, of Seattle.

Vice-president—Robert T. Knight, of Tacoma.

Secretary-Treasurer—C. A. Andrews, of Seattle.

Auditor—George V. Whittle, of Seattle.

Announcements

The firm of Alberts & Roberts, of New York, N. Y., has been dissolved. Irwin M. Alberts will continue his accounting practice at 521 Fifth Ave.

Irving A. Bosky announces the dissolution of the partnership of Bosky & Kanner and the continuation of his practice at 11 W. 42nd St., New York, N. Y.

William M. Duncan, of Nashville, Tenn., announces his withdrawal from the firm of Osborn and Duncan and the formation of a partnership with William M. Duncan, Jr., John S. Glenn, and John S. Glenn, Jr., under the firm name of Glenn and Duncan, with offices in Nashville.

Eckes and Dean announce the removal of their office to 41 Maiden Lane, New York, N. Y.

David Ehrman announces the removal of his office to 1440 Broadway, New York, N. Y.

W. Vincent Hall announces the removal of his office to 55 Liberty St., New York, N. Y.

J. R. McCartan & Co., of Pittsburgh, Pa., announce the removal of their offices from the Peoples Bank Bldg. to the Commonwealth Bldg., 316 Fourth Ave.

Arthur C. Meade announces his return to private practice with offices at 3622 Rexmere Rd., Baltimore, Md.

George M. Sachs and Company announce the formation of a new partnership to continue the practice of the late George M. Sachs.

William Steinberg announces the removal of his offices to 551 Fifth Ave., New York, N. Y.

Joseph B. Steinberger announces the removal of his offices to 521 Fifth Ave., New York, N. Y.

Arthur S. Swenson and Associates announce the removal of their offices to 565 Fifth Ave., New York, N. Y.

James E. Tallent announces the removal of his office to 551 Fifth Ave., New York, N. Y.

Sinclair, Tobias & Co. announce the removal of their offices to 521 Fifth Ave., New York, N. Y.

Webster, Horne & Blanchard, of New York, N. Y., announce the admission to partnership of J. Harold Burns, Michael G. Carboy, Lester A. Krahe, and Wallace W. Willard.

Oscar Winkler announces the merging of his accountancy practice with that of George M. Sachs and Company, a newly organized partnership, with offices at 19 W. 44th St., New York, N. Y.

Morley Wolfe and Company announce the removal of their offices to 220 Broadway, New York, N. Y.

William Gordon Buchanan, of Washington, D. C., recently addressed the Zonta Club in Washington on the subject of state capitalism in Italy and Russia, and the Arlington County Bar Association, Arlington, Va., on capitalism in democracy.

Lee K. Carr, of Philadelphia, Pa., recently addressed the Funeral Directors Association of Philadelphia on the subject of financial statements for funeral directors. Mr. Carr has been elected vice-president of the Graduate Banking Club of the University of Pennsylvania Evening School.

H. C. Daines, of Chicago, Ill., on May 16th addressed the Association of College and University Business Officers on the theory and procedure for pooled investments in colleges and universities.

Thomas Drever, of Chicago, Ill., has been elected president of the American Steel Foundries, Chicago, Ill. He was formerly vice-president and treasurer of the corporation.

Edwin C. Fors, of Washington, D. C., recently addressed two accounting fraternities at the Strayer School of Accountancy in Washington, on "Accounting Problems before the Securities and Exchange Commission."

R. E. Heitmuller, of Washington, D. C., on May 12th addressed the Middle Atlantic Actuarial Club at Baltimore, Md., on "Cost Accounting Involving Home Office Expenses—by Punch Card Equipment."

Harry Ness, of York, Pa., on May 24th delivered an address entitled "A Career in Accounting," before the graduate students in business administration at State College, Pa.

Spencer H. Over, of Providence, R. I., was recently elected president of the British Empire Club of Providence for the twenty-fifth time.

Robert Penn, of Chicago, Ill., is the co-author of an article, to appear in the June 15th issue of *Hospital Council Bulletin*, entitled "Plan for a Bureau of Hospital Research and Statistics."

Frederic A. Powers, of Cincinnati, Ohio, has been appointed instructor in accounting at the University of Cincinnati evening school.

Gabriel A. D. Preinreich, of New York, N. Y., is the author of an article entitled, "The Practice of Depreciation," which is to appear in the July issue of *Econometrica*. This article is a sequel to "Annual Survey of Economic Theory: The Theory of Depreciation," published last year.

Charles S. Rockey, of Philadelphia, Pa., has been elected a member of the Committee of Seventy, "an organization of a permanent character whose purpose shall be to aid in securing good government in Philadelphia."

W. F. G. Ross, of Chicago, Ill., has been appointed vice-chairman of the committee of accountants, auditors, and appraisers, division No. 1, of the Chicago Association of Commerce.

Nathan G. Somerville, of Huntington, W. Va., recently addressed the American Toll Bridge Association at St. Louis, Mo., on the subject of toll-bridge accounting.

E. Arnold Sunstrom, of Chicago, Ill., has been elected president of the Coe College Alumni Association, Chicago area.

F. M. Thudson, formerly of Chicago, Ill., has been appointed comptroller of the Hotel Waldorf-Astoria Corporation.

Sidney Tobias, of New York, N. Y., has been appointed chairman of the Pan American Committee, New York State Junior Chamber of Commerce.

G. A. Treadwell, of New Orleans, La., has been reelected a member of the New Orleans Parish School Board. He was elected vice-president of the new board.

Edward P. Tremper, Jr., of Seattle, Wash., has been appointed general chairman of the Northwest Conference of Certified Public Accountants.

Dwight Williams, of Oklahoma City, Okla., has been appointed a special lecturer in the school of business, University of Texas, at Austin, for the first term of summer school of 1939. Mr. Williams will give a course in "Accounting for the Oil Industry."

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of The American Institute of Accountants

JULY 1939

—
VOL. 19 • No. 7
—



Annual Meeting

Examination Results

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Extensions of Auditing Procedure

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Meetings and Elections

Announcements

15¢ a Copy

Published Monthly

\$1 a Year



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Officers 1938-1939

THE AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

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THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of The American Institute of Accountants

Annual Meeting, San Francisco September 18-21, 1939

MEMBERS and associates of the Institute have received through the mails circulars announcing the annual meeting of the American Institute of Accountants at San Francisco, September 18-21, 1939, information about the attractions in and near California, and data regarding the special train which will carry members from the East to the meeting place, via Chicago and Denver. The combined attractions of California itself, the Golden Gate International Exposition, the opportunity for vacation tours through the western country, and an excellent technical program seem certain to result in an extraordinarily large attendance.

The program which was outlined in this bulletin for June will include an all-day discussion of auditing procedure, in which the following will participate: P. W. R. Glover, chairman of the Institute's special committee on auditing procedure; Professor Henry Rand Hatfield, University of California; William W. Werntz, chief accountant of the Securities and Exchange Commission; John R. Haskell, vice-president in charge of the committee on stock list, New York Stock Exchange; a banker representing the Robert Morris Associates; a controller representing the Controllers Institute of America; Samuel J. Broad, chairman of the Institute's committee to review the bulletin, *Examination of Financial Statements*; Lewis Lilly, member of the Institute's committee on accounting procedure; Spencer Gordon, of counsel of the Institute. There will also be round-table sessions on the internal conduct of an accounting practice, extension of accounting practice, whose balance-sheet is it? inventories, municipal accounting clinic, detection of fraud by independent auditors, 1939 income-tax legislation or income-tax practice, and problems in accounting research.

It is not too early to make reservations—at the Fairmont Hotel (which will be headquarters at San Francisco) and on the special train—which may be addressed to the Institute's offices.

The California Society is acting as host and is making elaborate plans for entertainment.

The American Institute of Accountants

President to Attend Dominion Association Meeting

Clem W. Collins, president of the American Institute of Accountants, will attend the thirty-seventh annual meeting of the Dominion Association of Chartered Accountants, to be held at Saskatoon, Saskatchewan, on August 23rd and 24th. All members of the Institute have been invited to be present at this meeting, and those who expect to do so should notify the secretary of their intention so that the information may be forwarded to the offices of the Dominion Association.

Examination Results

The papers of 721 candidates who sat for the Institute's examinations on May 11th and 12th in 25 states and one territory which have adopted the Institute's plan of coöperation have been graded by the Institute's examiners.

The results, as reported to the state boards on June 12, 1939, showed that 47 per cent were passed in auditing, 49.7 per cent were passed in commercial law, and 13 per cent were passed in accounting theory and practice. At the May, 1938, examinations 67.7 per cent were passed in auditing, 52.2 per cent were passed in commercial law, and 9.7 per cent were passed in accounting theory and practice.

Candidates took the Institute's examinations in eight other states and one territory which do not submit papers to the Institute's examiners for grading. The total number of candidates taking the examination was about 1,520.

Date for Filing Tax Returns

Under date of June 5, 1939, Edward B. Wilcox, chairman of the Advisory Council of State Society Presidents, sent to each state society president a letter suggesting, among other things, that society members and their clients communicate immediately with their representatives in Congress urging adoption of the recommendation of the Institute's committee on federal taxation that the date for filing federal income tax returns be deferred to the fifteenth day of the fourth month following the close of the fiscal year. As a result of this effort, many accountants did write their Congressmen, and some replies were received showing sympathy with the proposal.

Under date of June 19, 1939, the secretary of the Institute addressed to each member of the Senate finance committee, to which a new revenue bill had then been referred for consideration, the following letter:

"There is an administrative deficiency in the revenue act which can be corrected only by legislation. It seems of relative unimportance when contrasted with the matters of broad policy now under consideration, but we believe that the slight change would greatly expedite the collection of the revenues.

"The proposal is that the date for filing tax returns should be changed to the 15th day of the fourth month following the close of the taxpayer's fiscal year.

"Experience has shown that many taxpayers, especially corporations, cannot gather the necessary data for the

preparation of returns within the time specified by law. Audits of taxpayers' accounts are not completed generally until one or two months after the end of the year, and until then the work of collecting tax data cannot be started effectively. Moreover, the technical complexities of our present income-tax structure make it imperative for most taxpayers to give extended consideration to tax problems and to secure professional aid in their solution. As a result, it is rarely possible for returns to be prepared by the due date and in many cases it is necessary to obtain extensions of either one or two months. This is a source of expense, inconvenience, and uncertainty to both taxpayers and the Treasury Department.

"This difficulty may be removed by amending section 53(a) (1) to read as follows:

"(1) General Rule—Returns made on the basis of the calendar year shall be made on or before the 15th day of April following the close of the calendar year. Returns made on the basis of a fiscal year shall be made on or before the 15th day of the fourth month following the close of the fiscal year."

"In respect of instalment payments, section 56 could at the same time be amended to provide for the payment of one-quarter of the total tax on or before the fifteenth day of the fourth month following the close of the taxable year and one-fourth on the fifteenth day of the sixth, ninth, and twelfth months. This would not lessen the Government's revenue in any fiscal year, and at the same time it would not be inequitable to taxpayers.

"It is strongly urged that the changes recommended herein be incorporated in the tax law, in order that one unnecessary source of friction between the Treasury Department, taxpayers, and tax practitioners be removed.

"Representatives of this Institute have discussed the above proposal with representatives of the Treasury Department and the Bureau of Internal Revenue, and have failed to find any

insuperable obstacle to the change from the administrative point of view. The change would not result, we believe, in any loss to the Government; the mechanics of Treasury financing could be easily adjusted to conform; the routine of the Bureau of Internal Revenue, we believe, could also be adjusted with little difficulty in comparison with the relief the change would afford to taxpayers.

"Representatives of this organization will be glad to appear before you individually or before any subcommittee of the Senate Finance Committee, either privately or publicly, to discuss this matter further, or to answer questions which may arise in your mind."

No provision for change in the filing date was made in the 1939 revenue act as finally enacted.

Middle Atlantic States Accounting Conference

The Middle Atlantic States Accounting Conference, held in Richmond, Virginia, on June 16th and 17th, brought to a close the 1939 series of regional accounting conferences arranged by groups of state societies with the coöperation of the American Institute of Accountants.

The Richmond meeting proved a success from the standpoints of program, attendance, and publicity. The total registration was 246, seventy of whom were women guests.

With few changes, the program for the Middle Atlantic States Accounting Conference followed closely the outlines presented in the May and June issues of *THE CERTIFIED PUBLIC ACCOUNTANT*.

It is expected that the next Middle Atlantic States Accounting Conference will be held in the spring or summer of 1941. The state societies which will continue to coöperate in holding this

conference are those of Virginia, West Virginia, Maryland, District of Columbia, North and South Carolina, and Delaware. The American Institute of Accountants will also cooperate in plans for future meetings.

"Extensions of Auditing Procedure"

Further support for the recommendations of the Institute's special committee on auditing procedure adopted by the council May 9, 1939, is reflected in resolutions adopted at meetings of accountants in recent weeks.

MIDDLE ATLANTIC STATES ACCOUNTING CONFERENCE

"RESOLVED, That the Middle Atlantic States Accounting Conference views with favor the report of the special committee on auditing procedure of the American Institute of Accountants, adopted by the Council of the Institute on May 9, 1939, and be it

"FURTHER RESOLVED, That this conference recommends to the several state societies of public and certified public accountants here represented, that they support the aforesaid committee report by giving it their approval."

CONNECTICUT SOCIETY OF C.P.A.'s

"WHEREAS, The special committee on auditing procedure of the American Institute of Accountants submitted a report, which was adopted by the council of the Institute on May 9, 1939, and a copy of such report has been made available to each member of the Connecticut Society of Certified Public Accountants and each member has been informed in the call of the annual meeting that consideration would be given to such report,

"BE IT RESOLVED, That the Connecticut Society of Certified Public Accountants in annual meeting on June 21, 1939, hereby approves the aforementioned report and adopts the featured extensions of auditing pro-

cedure, which call for physical tests of inventories whenever possible, confirmation of accounts receivable by direct communication with debtors, and specific statements in the accountant's report when such tests and/or confirmations have not been made."

ILLINOIS SOCIETY OF C.P.A.'s

"WHEREAS, The Illinois Society of Certified Public Accountants has met for the purpose of considering a report of the special committee of the American Institute of Accountants on auditing procedure entitled 'Extensions of Auditing Procedure,' which report was adopted by the council of the American Institute of Accountants under date of May 9, 1939;

"NOW, THEREFORE, BE IT RESOLVED, That this Society heartily approves the recommendations contained in this report relating to the extensions of auditing procedure wherever practicable; and,

"BE IT FURTHER RESOLVED, That the Society heartily approves the Institute program of utilizing all appropriate avenues of publicity to make generally understood the limitations of responsibility which the accountant can assume in the substantiation of inventory quantities and condition; and,

"BE IT FURTHER RESOLVED, That since this Society is of the opinion that the public may be led to believe and expect that auditors will assume full responsibility for inventory quantities, in the event their report is not qualified with respect thereto, the Society believes that the auditor's report in all cases where inventories are a material factor should state the nature and extent of the auditor's test of quantities, and the necessary limitations of such tests as a verification of inventory quantity and condition; and,

"BE IT FURTHER RESOLVED, That the Society expresses its appreciation for the progress thus far made by the special committee of the Institute in the consideration of the matters covered by this report; and,

"BE IT FURTHER RESOLVED, That a copy of this resolution be submitted to the secretary of the American Institute of Accountants for transmittal to the council of the Institute."

MISSOURI SOCIETY OF C.P.A.'s

At a meeting of the Missouri Society of Certified Public Accountants held in Kansas City on June 9, 1939, the meeting went on record that the Society endorse in substance the report of the American Institute of Accountants special committee on auditing procedure adopted by the council May 9, 1939.

NEBRASKA SOCIETY OF C.P.A.'s

At a meeting of the Nebraska Society of Certified Public Accountants held at Lincoln on June 12, 1939, the Society voted unanimously to approve the report of the American Institute of Accountants special committee on auditing procedure adopted by the council May 9, 1939.

NATIONAL ASSOCIATION OF MANUFACTURERS

Following is the text of an item appearing in the news letter of the National Association of Manufacturers for June 23, 1939:

"It would be a desirable thing to have the auditors appointed by a committee of the board of directors of each company, with such appointments approved by the entire board and subsequently presented wherever feasible to the stockholders in order to give them an opportunity to make suggestions and approve the appointment.

"It would be a desirable thing for each corporation to engage public accountants who are either certified or qualified in the state in which such accountants are domiciled.

"Where actual physical inventories are not taken on the balance-sheet date, spot checks should be made under

the direction of the certified public accountant wherever, in his opinion, it is practicable and reasonable to make such physical tests by count, weight or measurement at any interim dates selected by him for the purpose of satisfying himself as to the substantial accuracy of perpetual inventory records.

"Other recommendations made by the committee were that business should make every effort to make the auditors' reports clearer and to remove any ambiguities of language. In addition it was recommended that business should attempt to adopt its natural business year as its fiscal year.

"The committee on industrial practices will continue its studies in this field and it is recommended that all companies review their practices and see whether or not they conform with the recommendations adopted by the National Association of Manufacturers.

"In this connection it is interesting to note that the American Institute of Accountants have also prepared an extensive report on this question, copies of which may be obtained from them at their New York office, located at 13 East 41st Street."

THE CONTROLLER

In the June issue of *The Controller* the entire report of the American Institute of Accountants special committee on auditing procedure was published, with the following comment:

"It must be recognized that the report just adopted is a declaration by the public accountants of what they believe their procedures should be hereafter—an expression of what they should like to see incorporated in normal audits, in cases in which they believe internal auditing procedures, operated by the companies, are inadequate.

"The report is in a sense a challenge to controllers to see to it that adequate systems of inventory checking are installed and operated. When that is

found to be the case, the cost of the public audit need not rise, under this program; in fact, it may be reduced.

"It is a noteworthy pronouncement by the public accountants well worth careful study by controllers."

In the June issue of this bulletin it was reported that the New York State Society of Certified Public Accountants, the Iowa Society of Certified Public Accountants, and the Eastern Four-States and Central States Accounting Conferences had taken action approving the circumstances of the Institute committee's report. At June 30th, 23,319 copies of the report had been circulated. The full text of the report appears in *The Journal of Accountancy* for June. All members and associates of the Institute received the report in pamphlet form late in May.

Accountant President of National Archery Association

Earle Goodrich Lee, of Saint Paul, Minnesota, a member of the American Institute of Accountants, is president of the National Archery Association of the United States, whose fifty-ninth annual tournament is to be held at Saint Paul July 17-22, 1939.

C.P.A. Prize to High School Students

The certified public accountants of Sullivan County, New York, each year sponsor a contest for high school students of the county, the winners of which receive cash prizes and textbooks. A committee of the accountants judges the papers submitted by the contestants in the examination. The purpose of the competitive examination is to engender interest in bookkeeping, to encourage its study, and to make students more conscious of its value in later life.

Visitors at Institute Offices

The following visitors from out of town have called at the offices of the Institute in recent weeks:

FREDERICK B. ANDREWS, Chicago, Ill.
 GEORGE D. BAILEY, Detroit, Mich.
 RAYMOND S. BLUNT, Chicago, Ill.
 WILLIAM H. BORLAND, Birmingham, Ala.
 L. M. BUCKLEY, Lincoln, Neb.
 MYRTLE CERF, San Francisco, Calif.
 A. JAMES EBY, Trenton, N. J.
 WALTER A. EDWARDS, JR., Norfolk, Va.
 GEORGE P. ELLIS, Chicago, Ill.
 STANLEY G. H. FITCH, Boston, Mass.
 FRANK S. GLENDENING, Philadelphia, Pa.
 R. F. GOODWIN, Winston-Salem, N. C.
 HARRY F. HINDERER, Johnson City, Tenn.
 G. ARTHUR JACKSON, Rochester, N. Y.
 L. ALVIN KAHN, Philadelphia, Pa.
 JAMES I. KELLER, Miami, Fla.
 JAMES A. LEACH, JR., Richmond, Va.
 K. J. LIDSTROM, Stockholm, Sweden
 LEWIS LILLY, San Francisco, Calif.
 FRANK WILBUR MAIN, Pittsburgh, Pa.
 MANSON MCCORMICK, New Haven, Conn.
 WILLIAM MERKLE, Chicago, Ill.
 HERMANN C. MILLER, Columbus, Ohio
 HAROLD A. MOCK, Boston, Mass.
 A. F. NORTH, Milwaukee, Wis.
 FRED G. PAGE, Nashville, Tenn.
 JOHN A. RAEBURN, Melbourne, Australia
 LEONARD S. REEVE, San Francisco, Calif.
 F. E. ROSS, Detroit, Mich.
 ORIN O. ROUNDY, Newark, N. J.
 N. H. ROUTLEY, Sydney, Australia
 BURDETTE SADLER, Los Angeles, Calif.
 GEORGE E. H. SATCHELL, San Francisco, Calif.
 ARCHIE M. SMITH, New Orleans, La.
 ABNER J. STARR, Cincinnati, Ohio
 J. HAROLD STEWART, Boston, Mass.
 THOMAS A. WILLIAMS, New Orleans, La.
 CLIFFORD G. WOOD, Rockford, Ill.
 JOHN H. ZEBLEY, JR., Philadelphia, Pa.

Activities of the Institute's Staff

AN outline of the duties of the thirty-six employees of the Institute and its subsidiary organizations was included in the report of the secretary submitted to council at its meeting May 8, 1939. The following excerpts from the report indicate the nature of the work carried on at Institute headquarters:

WORK OF SECRETARY AND STAFF

The primary responsibility of the secretary, of course, is to keep the records and roster of the organization, arrange for meetings (including the preparation of preliminary agenda, notices and minutes), see that the requirements of the by-laws are observed with respect to elections, appointments, amendments to the by-laws, etc., conduct the correspondence of the organization, receive visitors, and answer general inquiries. These duties are fulfilled by the secretary and his assistants, to whom much of this work naturally can be delegated, for the Institute itself, the Publishing Company, the Foundation, and the Benevolent Fund.

The staff also includes an assistant to the treasurer, with several helpers, who keeps the books and records for all these corporations, prepares tax returns and reports, collects dues, receives payments from the sale of publications, maintains lists of members and files of certified public accountants, prepares preliminary drafts of budgets and monthly financial statements, in addition to responding to numerous requests for special information, drawing and countersigning checks for payments made by the Institute, etc. This work is done under the direct supervision of the treasurer, and also under the general supervision of the secretary.

LIBRARY

The librarian and her assistants also constitute a special subdivision of the

staff, under the general supervision of the secretary. The library, which occupies an entire floor in the building in which the Institute's headquarters are now situated, has received 4,991 visitors, and answered 8,299 inquiries during the current year. The collection of books and magazines in the library has mounted to 15,387, and 1,465 books and 1,075 magazines have been lent to members from the circulating collection since September 1st. The librarian also maintains the bureau of information, through which forty technical questions have been answered this year.

COMMITTEES

The by-laws provide that the secretary of the Institute shall be the secretary of all committees. There are now about forty standing and special committees. Some of these committees are extremely active; others are required to act only when specific questions are laid before them. Some find it necessary to meet frequently; others conduct all their affairs by correspondence. Each of the committees, however, has something to do for special committees are generally discontinued if they are inactive over a period of more than a year. In addition to helping in arrangements for meetings, keeping records of the committee work, and handling as much as possible of the correspondence, the staff, at the beginning of the year, endeavors to draft a program of activities for consideration of committee chairmen, to keep chairmen and committee members informed through the year of affairs which have a bearing on their work, and in general to facilitate the committee work and relieve the chairmen and members as much as possible. The secretary, or an assistant delegated to serve a particular committee, endeavors to attend all committee meetings. The extent to which specific committees require the assist-

ance of the staff, of course, varies greatly according to the nature of the work and geographical location of the members, and the time which the chairmen can afford to devote to the committee's work.

The work of some committees, however, has developed to such an extent that it could not be carried out on the present scale without the assistance of the staff, and in some cases regular departments have grown up at headquarters where the greater part of the work is done. In these cases the staff engaged in the work reports regularly to the committees, and refers to them all questions of policy.

An example is the board of examiners. The board passes on all applications for admission to the Institute, but members of the staff review all applications, check all the references, and submit complete files on each case to the board for approval or disapproval. The board also supervises the preparation of the Institute's examinations, which are adopted by forty-four states and territories. The material for examinations is received by the secretary's office from members of the Institute who voluntarily cooperate in the work. This material is then edited and rewritten into specific problems and questions by a special staff of examiners composed of members of the Institute, who are paid a per diem rate for their services. The papers are then read by the members of the board of examiners itself. The secretarial staff takes charge of the printing and distribution of the questions and stationery to the co-operating boards, and carries on all correspondence with co-operating boards. When candidates' papers are returned by co-operating states, the grading is done by the paid examiners and the secretarial staff then types and dispatches the grades to the individual boards and returns the papers to them.

PUBLICATIONS

The publication program of the In-

stitute is a fairly ambitious one. The committee on publication meets about once each month to pass on questions of policy, and to receive reports on editorial, business, and financial matters. In the interim, the members of the committee review all material proposed for publication. The actual editing and production of *The Journal of Accountancy*, THE CERTIFIED PUBLIC ACCOUNTANT, the *Yearbook*, special reports to members, such as *The Year's Work*, and occasional books such as *Origin and Evolution of Double Entry Bookkeeping*, published this year, is carried on by the staff. The business management of the Publishing Company is also assigned to a special department of the staff under the general supervision of the publication committee. Circulation of *The Journal of Accountancy* has increased to nearly 13,000, and advertising revenue has increased 22 per cent over last year. Each year circulars are sent to prospective subscribers whose names are included in the mailing list, which is constantly being revised; those whose subscriptions expire are urged by letter to renew, and special efforts are made to sell single copies of the magazine, reprints, and books. The work of changing addresses of subscribers, running wrappers for publications, and similar jobs, requires the full time of two or three assistants. In the department where this is done, supplies for the Institute's office, and printing, are also purchased.

RESEARCH

The new research department, established under the supervision of the committee on accounting procedure, will constitute a new department of the staff, consisting eventually of probably four or five persons. The work of this department, like that of the library, will be highly specialized and, in addition, it will be closely directed by subcommittees of the committee on accounting procedure.

STATE LEGISLATION

The office of the Institute customarily sends to state societies notice of the introduction of accounting bills reported by the legislative service to which the Institute subscribes. When copies of bills are received they are analyzed in the Institute's office, and a report is made to the chairman and members of the committee on state legislation. If weaknesses appear, letters are drafted to the state society concerned for approval of the chairman of the Institute's committee. Occasionally bills are referred to counsel for the Institute for opinion on particular points. Elaborate files have to be maintained in the Institute offices to keep track of state legislation in the busy years, and monthly reports on the progress of bills are published in *THE CERTIFIED PUBLIC ACCOUNTANT*. This year consideration has been given by the staff to thirty-one bills; thirty-two letters suggesting changes in bills have been dispatched to state societies, and counsel has reviewed four. In the case of the bill supported by the New York State Society, counsel for the Institute came to New York to sit down with the legislative committee of the New York State Society and go over the bill word by word, as a result of which a number of changes were made in the final draft. At the suggestion of the Institute, the bill was amended so as to clearly provide that an applicant for indorsement of a certificate may be registered to practice public accounting in the state until such time as his application for indorsement may be granted or rejected. In an Ohio bill, supported by the state society, an oversight which might have greatly impeded reciprocity with other states, was pointed out by the Institute's staff, and resulted in a correction. In a restrictive bill introduced in Pennsylvania, a number of changes were made as a result of correspondence and conferences between the Institute and the state society.

FEDERAL LEGISLATION AND TAXATION

Counsel for the Institute has assumed the responsibility for notifying the secretary of the introduction of all bills in Congress in which accountants might be interested, as well as changes in departmental regulations affecting accountants. The secretary immediately notifies the appropriate committees of the introduction of such bills, and often assists the committee in whatever action is necessary. The secretary also endeavors to maintain personal relations with legislators and government officials with whom committees of the Institute have or are likely to have problems to discuss.

During the current fiscal year the secretary has made four trips to Washington alone or with committee chairmen, during which he has interviewed various government officers on a number of subjects.

The following are bills introduced in the Congress to which the Institute has given consideration this year:

- H. R. 898 (Murdock). Social security—Credit to taxpayers against 1937 taxes under title IX of the social security act.
- H. R. 4798 (O'Toole). Practice of law before government departments by others than attorneys.
- S. 1310 (Wheeler); H. R. 4041 (Lea). Enlarging the Bureau of Accounting of the Interstate Commerce Commission.
- H. R. 234 (Celler). Abolishment of the Board of Tax Appeals.
- H. R. 4235 (Celler). Establish a United States Court of Appeals.
- H. R. 3590 (Doughton). Taxation of compensation of public officers and employees.
- H. R. 4363 (Cox); H. R. 4645 (Thomas). Amend section 13 of the fair-labor-standards act.
- S. 1765 (Wiley); H. R. 5435 (Mrs. Norton). Amend Fair-labor-standards act.
- S. 59 (Clark); H. R. 109 (Shannon). Plan of cost accounting for gov-

ernmental agencies engaged in commercial enterprises.

H. J. Res. 35 (Treadway). Establishing a federal tax commission.

S. 330 (O'Mahoney). Additional powers to Federal Trade Commission, prescribing conditions under which corporations may engage in interstate commerce.

When such bills are regarded by the appropriate committees of the Institute as desirable, letters are written to the sponsors offering the Institute's assistance, and generally editorial commendation is published in *The Journal of Accountancy*. When the bill is one to which the Institute is opposed and there seems to be likelihood of passage, members of council and state society presidents are notified and are urged to communicate their views to their own Senators and Representatives.

MEMBERSHIP

The staff of the Institute maintains a card list of certified public accountants who are not members of the Institute, and through the year sends to the 174 members of the committee on membership the names of individuals in their locality who might be eligible, with the request that the committee report to headquarters on each name. On the basis of these reports, cards of certified public accountants who may be ineligible for any reason are withdrawn, while to the remainder information about the Institute is occasionally sent.

Special letters are mailed from the Institute's office to new certified public accountants following each examination, pointing out the desirability of membership both in the Institute and in the state societies, outlining the requirements for admission to the Institute and its activities, and giving the name and address of the secretary of the state society concerned.

PUBLIC RELATIONS

Members of the staff endeavor con-

tinually to broaden their acquaintance with officials of other organizations which have interests in common with those of the Institute. The purpose is to keep the lines of communication open so that when questions arise which may require coöperative activity, the coöperation of these other organizations may be easily available. During the current year, for example, the secretary has met or corresponded informally—sometimes frequently—with numerous executives of other groups.

Another inevitable aspect of public relations is the release of news to the daily press, financial newspapers, and magazines, and trade publications. Releases have been issued through some or all of these journals during the current fiscal year on the following subjects:

Memorandum of committee on federal taxation to Treasury Department.

Executive committee statement in connection with McKesson case.

Dinner to Philip A. Benson, president, American Bankers Association.

Releases concerning regional accounting conferences.

Releases with reference to trips of Institute officers.

Releases on natural business year, including news references to Dun & Bradstreet bulletins.

Election of new members and associates of Institute.

Releases on behalf of the New York State Society of C. P. A.'s.

Approximately 238 clippings mentioning the Institute or *The Journal of Accountancy* by name have been received through the clipping services. The assistant secretary of the Institute, who is in charge of this department, has kept in touch personally with editors and reporters.

During the past winter when there was so much public interest in questions of accounting and auditing, the Institute received almost daily inquiries by telephone from the staffs of various

publications who desired information or advice, which usually could be given very readily. If the questions involved any point of policy, the staff refused to reply until it could consult with the appropriate committee.

Occasionally a special public meeting is organized by the Institute for the purpose of bringing together members of the profession and drawing public attention to some aspect of the profession. Last year a conference on municipal accounting was arranged at Chicago by the Institute's staff. This year the assistant secretary conceived a plan for a dinner in honor of Philip A. Benson, a certified public accountant, recently elected president of the American Bankers Association. The New York State Society, of which Mr. Benson was a member, agreed to cooperate in the venture. The dinner was held at the Waldorf-Astoria, January 30, 1939, at which 241 certified public accountants and their guests were present. Mr. Benson's address was broadcast over station WMCA, received extensive notice in the press, and was later published in *The Journal of Accountancy*.

As a means of building a closer relationship with students of accounting, members of Beta Alpha Psi, a professional fraternity composed of outstanding students majoring in accounting, have been receiving each month since the beginning of the fiscal year complimentary copies of THE CERTIFIED PUBLIC ACCOUNTANT, and from time to time news items about the several chapters of the fraternity have been carried in the bulletin.

The Institute was officially represented by a member of council at the annual meeting of the American Accounting Association held in Detroit last December.

Four meetings of the New York lecture-and-study group have been held during the current fiscal year. A member of the staff acts as secretary for the group, assisting the committee in arranging programs, and assuming re-

sponsibility for detailed arrangements for the meetings. Admission to these meetings is restricted to members and associates of the Institute, and the interest shown in the programs is evidenced by an average attendance of over one hundred.

ANNUAL MEETING

Plans for the 1939 annual meeting of the Institute, to be held at San Francisco, Hotel Fairmont, September 18th to 21st, are progressing. The committee on meetings and the California Society are assuming responsibility for arrangements for the meeting. The staff is assisting the committee in every way possible in formulating a program, in securing speakers for the general and round-table sessions, and in other respects.

STATE SOCIETIES

Simultaneously with the merger of the two national organizations, the Advisory Council of State Society Presidents was created by an amendment of the Institute's by-laws. Since that time state society work has become a regular departmental activity. This work takes several forms. In the first place, the Institute's staff advises all state society presidents, as well as members of the Institute's council, through special communications of any important event, such as the introduction of a bill in Congress, or any immediately important acts of Institute committees. Such communications have been sent during the current year on the following subjects:

- Questionnaire on auditing procedure.
- Draft resolutions on inventories, appointment of auditors, accounts receivable.
- Draft report of the committee on auditing procedure.
- Coöperation of state bar groups with state accounting groups.
- Practice of accountants before Board of Tax Appeals.
- Extensions for filing tax returns.

Benson dinner.

Report of President of United States to Congress.

Extracts from speeches of members of bar concerning accountants.

Senate bill 1310, and House bill 4041.

Through what is known as the clearing house, the Institute sends to each state society president copies of the publications of other state societies. In this manner seventy-five items of printed matter have been sent to each president during the current year.

A speakers' bureau is maintained in the Institute's office and speakers have been furnished for seven state society meetings since September 1st.

Studies of particular phases of state society activities are prepared from time to time by the Institute's staff and mailed to officers, directors, or committees of state societies. So far the following bulletins have been issued, and copies are mailed to each newly elected state society president as he assumes office:

A program of state society activities.

Public relations handbook.

Local accounting libraries.

Bulletin on regional conferences.

Regional meetings and special conferences have also been arranged with the help of the Institute's staff. The assistant secretary of the Institute has come to assume the rôle of secretary to the planning committees for three regional conferences which will be held this spring by groups of state societies in cooperation with the Institute, as follows:

Eastern Four-States Accounting Conference at Atlantic City. Coöperating states: Connecticut, New Jersey, New York, and Pennsylvania. Date: May 20th and 21st.

Central States Accounting Conference at Des Moines, Iowa. Coöperating states: Iowa, Illinois, Wisconsin, South Dakota, Minnesota, Kansas, Nebraska, and Missouri. Date: June 1st and 2nd.

Middle Atlantic States Accounting Conference at Richmond, Virginia. Coöperating states: Virginia, West Virginia, District of Columbia, Maryland, North Carolina, and South Carolina. Date: June 16th and 17th.

The Institute staff, in addition to handling the correspondence of the planning committees, proposes draft programs for these conferences, which are revised as the planning committees determine, obtains speakers at the request of the committees, and assumes responsibility for the publicity both before and during the conference itself. On this work the assistant secretary has attended meetings of planning committees at Richmond, Newark, Des Moines, and Chicago. In addition, the staff has given a good deal of similar coöperation in arrangements for an accounting clinic, held at Pennsylvania State College in November, and an accounting institute to be held at Butler University, Indianapolis, in May.

All this work is supplemented by personal visits to state societies by Institute officers, which this year have been as follows:

Alabama	Mississippi
Arizona	Montana
California	North Carolina
Connecticut	Oklahoma
District of Columbia	Oregon
Florida	Pennsylvania
Georgia	South Carolina
Illinois	Tennessee
Kansas	Texas
Kentucky	Utah
Louisiana	Washington
Massachusetts	West Virginia
Michigan	Wisconsin

NATURAL BUSINESS YEAR

A member of the Institute's staff acts as secretary of the Natural Business Year Council which, it will be recalled, was formed in 1934, to conduct an educational campaign in favor of the natural business year. Actually, most of the work has been done in the Insti-

tute's office, with the very hearty cooperation of Institute committees on natural business year, and Henry H. Heimann of the National Association of Credit Men, who is chairman of the Natural Business Year Council. There is good reason to believe that the ground work laid by this activity in 1934, 1935, 1936, and 1937, had a good deal to do with the general approval this winter of suggestions that the natural business year would help auditors greatly in their efforts to serve their clients and the public. It now appears that such important organizations as the New York Stock Exchange, the National Association of Manufacturers, and even perhaps the Securities and Exchange Commission, might actively use their influence to induce corporations to change to natural fiscal years.

Waterloo Chapter of Iowa Society

The Waterloo members of the Iowa Society of Certified Public Accountants formally organized the Waterloo Chapter on June 9, 1939. Members of the organization are: Frank Bloomquist, W. G. Ferguson, Charles N. Hostetler, Elmer L. Stover, and W. A. Shute. To be eligible for membership in the Waterloo Chapter, a person must be a practising public accountant, registered in accordance with the state laws of Iowa, and a member in good standing in the Iowa Society. At the same meeting W. A. Shute was elected president of the chapter and Frank Bloomquist was elected secretary-treasurer.

It is the intention of the organization, as stated by the president, to cooperate in the exchange of ideas and the discussion of problems concerning the profession, particularly with reference to local conditions, and for the dissemination of information to the general public and most particularly to municipalities, school districts, etc., regarding the advantages of public accountants' services.

Contributors to Research Department

Following is a list of contributors to the research department fund, supplementing the lists published in the April, May, and June issues:

- ANDERSON, KROEGER & Co., Minneapolis, Minn.
- GEORGE R. BAGLEY, Chicago, Ill.
- CHARLES I. BELFINT, Wilmington, Del.
- THOMAS J. BLAIR, JR., Covington, Va.
- M. O. CARTER, Memphis, Tenn.
- WILLIAM R. DONALDSON, New York, N. Y.
- W. L. ELKINS, Richmond, Va.
- FLEISHER, FERNALD & Co., Philadelphia, Pa.
- FRANKE, HANNON & WITHEY, New York, N. Y.
- J. H. GILBY, Chicago, Ill.
- G. P. GRAHAM & COMPANY, Washington, D. C.
- ALEXANDER GRANT & Co., New York, N. Y.
- O. A. GRUNDMANN, New York, N. Y.
- B. J. HARRILL, Washington, D. C.
- JOHN E. HARRINGTON, Detroit, Mich.
- HARRY I. LANGSON, Chicago, Ill.
- R. T. LINGLEY & Co., New York, N. Y.
- THOMAS KING
- JOHN F. McCABE
- GEORGE F. SAMPSON
- LOOMIS, SUFFERN & FERNALD, New York, N. Y.
- LUBETS & LUBETS, Boston, Mass.
- JOHN V. McDONALD, Spokane, Wash.
- OSCAR MOSS, Los Angeles, Calif.
- SPENCER H. OVER, Providence, R. I.
- ROBERT L. PERSINGER, Covington, Va.
- REILLY, PENNER & BENTON, Milwaukee, Wis.
- SEWARD & MONDE, New Haven, Conn.
- GEORGE W. CHILDS, JR.
- J. HAROLD COBB
- KENNETH W. HADLEY
- EMIL J. MONDE
- SMITH, DAVIS & WILLS, New York, N. Y.
- RALPH R. TRIMARCO, Chicago, Ill.
- LEONARD M. TROUB, Hartford, Conn.
- WEST, FLINT & Co., New York, N. Y.

Hotel Accommodations and Transportation

Members of the Institute have received through the mails reservation cards for the Fairmont Hotel and the Hotel Mark Hopkins. All desiring to make reservations for the annual meeting at San Francisco in September are urged to return these cards as soon as possible.

There has also been mailed to members a folder showing the schedule of the special train from the East to San Francisco. Special cars will operate from Boston and New York to Chicago, where additional cars will be attached. It will be possible to board the train at any of the following points: Boston, Worcester, Springfield, Pittsfield, Massachusetts; New York, Albany, Utica, Syracuse, Rochester, Buffalo, New York; Chicago, Illinois; Omaha, Lincoln, Nebraska; St. Louis, Kansas City, St. Joseph, Missouri; Denver, Colorado; Ogden, Utah. Low round-trip rates are available from any station via the route of the special train.

New York State Society Chapter Conference

Round-table discussions on the subjects of "Examination of Inventories and Receivables," "Accountants' Partnerships," "Form of Auditor's Report," and "Appointment of Auditors" were among the items of interest on the program of the sixth annual regional chapter conference of the New York State Society of Certified Public Accountants held at Inlet, N. Y., June 23 to 25, 1939.

The conference was sponsored by the Albany, Buffalo, Rochester, and Syracuse chapters of the Society, and attracted a registration of over one hundred certified public accountants.

Victor H. Stempf, president of the New York State Society, was general

chairman of the conference which opened on Friday afternoon, June 23rd, with a discussion of "Examination of Inventories and Receivables" as presented in the recent report on "Extensions of Auditing Procedure." Edward P. Klinglenmeier, president of the Buffalo Chapter, presided at the session. The speakers, who were members of the Society's special committee on auditing practice and procedure, reviewed the background of the special report and then explained and answered questions concerning various aspects of the questions.

A discussion on the subject of "Accountants' Partnerships" was held on Friday evening, June 23rd, followed by an address entitled "Accountants' Liability Insurance" by Richard T. Wood, of New York. Ralph S. Good, president of the Rochester Chapter, presided at this session.

The second day of the conference opened with a golf tournament and other games in the morning, and after luncheon the conference was called to order by President Stempf for a round-table discussion of "Appointment of Auditors" and "Review of Engagements."

At the Saturday evening session, June 24th, Milton E. Loomis, Associate Commissioner and Acting Assistant Commissioner for Higher Education of the State of New York, delivered an address on the subject, "The Profession and the Public." William J. Nusbaum, president of the Albany Chapter, presided at the session and introduced Leonard Houghton, of Saranac Lake, who presented the prizes for golf competition.

Following the presentation of prizes, Mr. Loomis delivered his address. At the conclusion of the address, President Stempf spoke briefly and the conference was adjourned.

Recognition of Accountancy

In his report as president of the Pennsylvania Institute of Certified Public Accountants, presented at the annual meeting June 19th, Harry Ness, of York, Pa., said:

"Slowly, but surely, certified public accountants are receiving that recognition for which we have been striving. The public, today, is more accountancy conscious than in any past period of our history, and there are evidences everywhere that the profession is awake to the situation and that it will fully meet the added demands and responsibilities.

"Much credit is due to the American Institute of Accountants for its activities along many lines and the fine spirit of coöperation which it gives in any of our problems where we need the support of the national organization. Its new venture into the field of accounting

research should have our united support."

Accountant Appointed to Executive Post

Edwin F. Chinlund, certified public accountant and member of the American Institute of Accountants, has been appointed president of the new Postal Telegraph System, Inc., which will operate the domestic telegraph business upon completion of reorganization of the Postal Telegraph and Cable Corporation. Mr. Chinlund had been practicing public accounting since 1937 as a partner of a firm with which he had been associated from 1918 to 1925. From 1925 to 1937 he was vice-president, controller, and director of the International Telephone and Telegraph Corporation.

Emmett P. Dallas

Emmett P. Dallas, of Norfolk, Va., died on June 13th. Born in Danville, Va., in 1896, Mr. Dallas received his education there. He began active accounting work in 1919 with the firm of Frederick B. Hill & Company, of Norfolk, and was made a partner in 1927. Mr. Dallas withdrew from the firm in 1931 and organized E. P. Dallas and Company. He was considered an expert on federal and state taxation problems. A certified public accountant of Virginia, Mr. Dallas was elected president of the Virginia Society of Public Accountants in September, 1938. He had been a member of the American Institute of Accountants since 1928. Mr. Dallas was active in local civic affairs.

Chesley S. Goldston

Chesley S. Goldston, of Richmond, Va., died on June 28th. Mr. Goldston was born in Paris, Tenn., in 1887 and

received his education in the Dickson Normal College and Bowling Green Business University, and subsequently taught for seven years. Mr. Goldston joined the firm of A. M. Pullen & Co., Richmond, Va., in 1917 and later became senior partner of the firm. A certified public accountant of Arkansas, North Carolina, Virginia, and Tennessee, Mr. Goldston was a member of the North Carolina Association of Certified Public Accountants and a past president of the Virginia Society of Public Accountants. He was secretary of the Virginia State Board of Accountancy from 1928 to 1933. Mr. Goldston had been a member of the American Institute of Accountants since 1923 and served on the special committee on development of the profession during 1936-1937. At the time of his death, Mr. Goldston was a member of the Institute's board of examiners and of the special committee on governmental accounting.

Meeting of Credit Men

At the invitation of the National Association of Credit Men, P.W.R. Glover, of New York, delivered an address before the forty-fourth annual congress of that organization on June 14th at Grand Rapids, Michigan. The subject of the address was "Basic Questions of Auditing Procedure." Mr. Glover is chairman of the American Institute of Accountants special committee on auditing procedure.

Resolutions Adopted by Staff Accountants

At the close of the year the following resolutions for 1939 were adopted by the staff members of a New York accounting firm:

(1) Clients are not trained accountants. In most instances, they cannot judge the technical ability of a staff accountant. Many clients formulate their impressions of staff accountants by the physical appearance of the individual, his personal characteristics, his conduct and demeanor on the engagement, and particularly, his manner of presentation. Staff accountants should resolve continuously to put their best foot forward in these respects. They should conduct themselves in a reserved and dignified manner. They should dress neatly and conservatively. Discussion of problems with clients should be limited to absolute essentials and decisions reached only after mature consideration of what is involved.

(2) Clients look to their accountants to set standards for the clients' personnel. Morning or noon lateness, conversation extraneous to the clients' affairs, slipshod rather than systematic mode of procedure or keeping papers, all make of the staff accountant a poor standard of reference for the clients' personnel and react against the profession generally. Staff accountants should resolve to so comport themselves that they can be regarded as models of

behavior for clients' personnel and command the respect and admiration of clients and everyone else with whom staff members come in contact.

(3) Clients look to their accountants for advice and guidance regarding the competency of the office personnel and the condition of the books and records. A good accountant is constantly on the lookout for ways of improving the efficiency of clients' personnel, strengthening the method of internal control, or improving the bookkeeping procedure. Criticism should be offered discreetly but fearlessly. Staff accountants should resolve that on each engagement they will maintain active vigil for constructive suggestion or criticism regarding these factors.

(4) Staff accountants should resolve that in an audit things are to be taken as wrong until established to be right to the satisfaction of the auditor, judged by accepted standards. Imagination and astuteness are needed at each turn to penetrate beneath a surface appearance of "right" to the underlying "wrong." The manipulator generally seeks to cover up his machinations in the accounts. The auditor, on the other hand, must seek to expose these covers.

(5) Staff accountants should resolve that there be constant improvement in the service they render to clients, so that the client will at all times be aware of the importance and value of accounting service. The proper performance of the steps provided by the audit program and the preparation of an audit report are taken for granted. Something of special benefit to the client, over and above that, is the badge of progress in the staff accountant's own development and in the service to the client.

(6) The "merchandise" sold by an accountant is time. This should be uppermost in the mind of a staff accountant throughout every engagement. Staff accountants should resolve to devise ways and means of

reducing time on each engagement by proper planning of the engagement at the very beginning, by eliminating nonessentials, and by applying themselves to their tasks as efficiently as possible. In this connection, improvement and simplification of the clients' books and records are bound to result in reduction of auditing time. Furthermore, staff accountants should constantly consider whether they are utilizing the services of the clients' staff to the fullest extent possible consistent with the independence required of an auditor.

(7) There is no such thing as "a" perfect audit to be applied to all manner of audit engagements or at all times even to the same engagement. There are many situations where inherent in sound auditing are change and variety. Staff accountants should resolve to study all possible audit steps and consider their underlying scope and purpose, all with a view towards constantly enhancing the effectiveness of the audit service. The ultimate goal is that between the audit and the client's system of internal control, there will be as air-tight checks and balances as accounting science and practicality permit.

(8) The value of a staff accountant to his firm depends, among other things, upon how much responsibility he can absorb and how little detailed review and supervision his work requires. Headway in that direction can be made by going about each engagement as if the client were the client of the staff member and the work papers and reports were not to be reviewed. In other words, staff accountants should resolve to become their own reviewers and critics and be sufficiently severe with themselves so that the work of the review department will already have been anticipated and hence lightened.

(9) Another measure of the value of a staff accountant is the ability to work harmoniously with other staff members, and in the case of seniors to

effect a maximum amount of delegation and enthusiastic coöperation. Staff accountants should resolve to dedicate themselves to the spirit of team work and, in the case of seniors, to the instruction, development, and training of their assistants so that both the seniors and the assistants may progress to broader spheres of work and experience.

(10) As members of the accounting profession, staff accountants must keep pace with developments in the technical theory and organizational structure of the profession. This means intimate, continued study and familiarity with current accounting literature and in the affairs of the accounting societies. Staff members should resolve to develop a systematic reading program of technical material, affiliate themselves with all accounting societies for which they are eligible, attend all meetings possible, and keep abreast of all legislative and other current events and trends. To be armed with such background is to fortify confidence in the staff member's own ability, his right to regard himself as a representative of the profession, and the prospect for his own growth in the profession.

Competitive Bidding

The following resolution was adopted by the Central States Accounting Conference, held at Des Moines, Iowa, on June 1 and 9, 1939:

"BE IT RESOLVED, That the Central States Accounting Conference, meeting in Des Moines, Iowa, on June 1 and 2, 1939, regards solicitation of and competitive bidding for accounting engagements as acts discreditable to certified public accountants, inconsistent with the dignity of their profession, and tending to impair public confidence in their maintenance of sound standards of performance, and therefore detrimental to the interests of the public, the clients and the profession, and therefore

"BE IT FURTHER RESOLVED, That

this conference approves in principle the abolishment of the practices of solicitation and competitive bidding which tend to result in such discreditable and detrimental consequences."

Natural Business Year

Six additional bulletins analyzing seasonal fluctuations in particular industries and suggesting natural-fiscal closing dates have been issued by the research-and-statistical division of Dun & Bradstreet, Inc., for the Natural Business Year Council. Bulletins issued previously, and described in THE CERTIFIED PUBLIC ACCOUNTANT, have dealt with the following industries:

- Fur coat manufacturing
- Shoe manufacturers
- Radio manufacture
- Farm equipment manufacture
- Women's trimmed hat manufacture
- Department stores
- Flour millers
- Dry goods wholesalers

Following is a description of the newer bulletins:

Producers of Crude Cottonseed Oil and

Refiners of Cottonseed Oil

June 30th (alternate July 31st; and in extreme southern sections April 30th or May 31st) is suggested as a closing date for the following reasons:

1. The date should be chosen with the objectives of closing books fifteen to thirty days before sizable shipments of seed begin to arrive at the crusher (or crude oil at the refinery).
2. Pressing and refining are at or near a standstill.
3. Inventories of seed and oil, both crude and refined, approximate a minimum for pressers and refiners.
4. Receivables would be lowest at this date before loans made to ginneries are included in the books.
5. The audited statement showing the

results of the closed cottonseed pressing or refining year would be available in ample time to arrange credit lines or make other plans for the new season's operations.

Jewelry Retailers

February 28th (alternate January 31st) is suggested as a closing date for jewelry retailers selling principally on cash and open-account terms, for the following reasons:

1. Sales volume, receivables and current liabilities are at their minimum for the year.
2. Although inventory may be slightly lower in January than in February, the decrease in receivables and current liabilities usually more than offsets the gain in inventory. Where inventory is considerably higher in February and accounts receivable are low on January 31st, the latter may be the more desirable closing date.
3. February 28th is already being used by many retail jewelry establishments.

August 31st is suggested as a closing date for jewelry retailers selling a substantial amount on installment terms, for the following reasons:

1. Sales are at a low point and inventory is at a moderate level.
2. Receivables and current liabilities approximate their minimum for the year.

Furniture Manufacturers

December 31st (alternate November 30th) is suggested as a closing date because:

1. Shipments during this month approximate a minimum for the year.
2. Receivables, inventories, and liabilities have reached similar low points.
3. This date marks the end of a selling season.
4. November 30th for manufacturers whose production increases con-

siderably in December in preparation for the January show.

Paint, Varnish, and Lacquer Manufacturers

November 30th (alternate December 31st) is suggested as a closing date for the following reasons:

1. Sales, inventories, receivables, and current liabilities are approximating their lowest level for the year.
2. Books closed on November 30th afford sufficient time to incorporate the past year's experience in plans for the new season's operations which usually start in January.
3. In those cases where receivables and inventories are substantially lower in December than in November and preparations for the spring have not begun, December 31st may be a more suitable closing date.

Cement Manufacturers

January 31st is suggested as a closing date for the following reasons:

1. Production and shipments are at a low level.
2. Because of declining shipments, receivables are approximating their minimum.
3. Inventories may be slightly higher than during other months but their fluctuations throughout the year are small.
4. Current liabilities are at a low level.
5. Books closed on this date give a picture of the year's experience before expenses of the new season's operations have been incurred.
6. Statistics compiled on this date are comparable to statistics of concerns using a calendar year closing and would not invalidate any general industry totals or averages.

Fruit and Vegetable Canners

April 30th (alternate February 28th) is suggested as a closing date for the following reasons:

1. Practically all deliveries on sales contracts executed against the prior season's pack are completed by this date.
2. Production, inventories, receivables, and current liabilities approximate their lowest point.
3. If books are closed approximately sixty days before the beginning of the new packing season, thirty days may be devoted to preparing the statement and other statistics on the year's business, and thirty days to the study, planning and financing of the new season's operations.
4. February 28th would be a more satisfactory closing date for those concerns, especially California canneries, packing early spinach or asparagus in considerable quantities during March or April.

The Complaint of the Prospect

What will you charge to audit my books?

There isn't much to be done;
You'll only need take a couple of looks;
How much do you think it will run?

There isn't much to be done,
I've saved nearly all of my checks,
How much do you think it will run?
What had I better do next?

I've saved nearly all of my checks,
I can find about half of my bills.
What had I better do next?
Working on books gives me chills.

I can find about half of my bills,
I have finished my inventory,
Working on books gives me chills;
For you, it's a different story.

I have finished my inventory,
My bank account's in the rough;
For you, it's a different story,
No effort to do your stuff.

My bank account's in the rough,
To straighten it out will be fun,
No effort to do your stuff;
How much do you think it will run?

ROY C. BROWN

Beta Alpha Psi Notes

GAMMA CHAPTER

Northwestern University, Evanston

During the year the following speakers addressed Gamma Chapter: Vincent Yager, president of Robert Morris Associates, on the relation of the accountant to the banker; William J. Luby, instructor at Northwestern University and a member of the American Institute of Accountants, on the effects of recent legislation upon accounting and accountants; George P. Ellis, member of the executive committee of the American Institute of Accountants, on the problems facing the profession of accountancy; Carman G. Blough, former chief accountant of the Securities and Exchange Commission, on the formation and operation of the Commission.

At the initiation meeting, held on March 5th, six members were initiated into the chapter.

DELTA CHAPTER

University of Washington, Seattle

The annual spring banquet of the chapter was held May 16th at the Washington Athletic Club. John F. Forbes, of San Francisco, Calif., past president of the American Institute of Accountants, was the principal speaker. His address was on "Problems of the Accounting Profession." Howard H. Preston, dean of the College of Economics and Business, University of Washington, gave a brief history of colleges of economics and business in this country. Professor Fred W. Woodbridge, one of the founders of Delta Chapter, and a past president of the Grand Chapter of Beta Alpha Psi, had as his topic of discussion "Beta Alpha Psi."

Victor E. Rabel, president of the

Washington Athletic Club, who was toastmaster for the evening, was introduced by Vernon L. Withuhn. There were 112 persons present at the banquet, including about 25 members of the Washington Society of Certified Public Accountants and a number of other business and professional men.

RHO CHAPTER

University of Minnesota, Minneapolis

Herbert M. Temple, of St. Paul, Minn., recently gave an informal talk to members of Rho Chapter and later invited the members of the chapter to visit his office. During this visit Mr. Temple explained the routine of an accountant's office and discussed with the group matters in which they were particularly interested.

On June 1st the final meeting of the year was held, at which officers for the ensuing year were elected. Then followed a discussion of the accounting curriculum at the university and of present employment opportunities for graduating accounting students.

OMICRON CHAPTER

Ohio University, Columbus

The annual spring banquet and initiation of the chapter was held on May 20th at the Hotel Fort Hayes. Eighteen active members and one honorary member, William F. Marsh, were initiated. Mr. Marsh is a past president of the National Association of Cost Accountants, and a member of the American Institute of Accountants.

Milo R. Zimmerman, toastmaster, introduced George W. Danerio, a charter member of Omicron Chapter, who presented the accounting problems of Firestone Tire and Rubber Company and discussed what is expected of college graduates entering the accounting profession.

State Accountancy Legislation

Report of Bills in Progress

CALIFORNIA

The following bill was enacted by the legislature and approved by the Governor on June 2nd:

CHAPTER 353, LAWS 1939
(Assembly Bill No. 1860)
(Regular Session)

AN ACT to amend Sections 5016, 5017, 5018 and 5044 of, and to add Sections 5016.3, 5016.6, 5017.3, and 5017.6 to, the Business and Professions Code, relating to the practice of accounting.

The people of the State of California do enact as follows:

Section 1. Section 5016 of the Business and Professions Code is hereby amended to read as follows:

5016. Every person paying the application fee and having the qualifications prescribed by this chapter shall be entitled to an examination for a certificate as a certified public accountant.

Section 2. Section 5016.3 is hereby added to the Business and Professions Code, to read as follows:

5016.3. An applicant for admission to the examination for a certified public accountant shall have all the following qualifications:

- (a) He shall be a citizen of the United States or have declared his intention of becoming a citizen.
- (b) He shall be of good moral character.
- (c) He shall be over the age of twenty-one years.
- (d) He shall have been a bona fide resident of the State of California for at least three months immediately preceding the time his application is filed.

Section 3. Section 5016.6 is hereby

added to the Business and Professions Code, to read as follows:

5016.6. An applicant for admission to the examination for a certified public accountant shall comply with one of the subdivisions of this section:

- (a) Until January 1, 1942, he shall comply with either of the following:

- (1) He shall present evidence that he has completed course in English grammar and composition and in mathematics equivalent to those courses required for admission to the University of California or to an institution of similar standing.
- (2) He shall show that he has had the equivalent of the educational qualifications required by paragraph (1) of this subdivision by successfully passing a preliminary written examination given by the board and approved by the State Director of Education.

- (b) From January 1, 1942, to January 1, 1944, he shall comply with either of the following:

- (1) He shall present evidence that he has completed a four-year high school course which included three years of English and two years of mathematics.
- (2) He shall show that he has had the equivalent of the educational qualifications required by paragraph (1) of this subdivision by successfully passing a preliminary written examination given by the board and approved by the State Director of Education.

- (c) On and after January 1, 1944, he shall comply with any one of the following:

- (1) He shall present evidence that

he has completed a four-year high school course, which included three years of English and two years of mathematics, and in addition that he has completed two years of work of college grade study in arts or business science which included at least six units of English composition.

- (2) He has been graduated from a junior college of recognized standing.
- (3) He shall show that he has had the equivalent of the educational qualifications required by paragraphs (1) or (2) of this subdivision by successfully passing a preliminary written examination given by the board and approved by the State Director of Education.

Where an applicant takes the preliminary examination he shall pay the preliminary examination fee.

Section 4. Section 5017 of the Business and Professions Code is hereby amended to read as follows:

5017. An applicant for a certificate as a certified public accountant shall be examined upon the following subjects:

- (a) Theory of accounting.
- (b) Practical accounting.
- (c) Auditing.
- (d) Commercial law.

Section 5. Section 5017.3 is hereby added to the Business and Professions Code, to read as follows:

5017.3. An applicant who successfully passes the examination shall receive a certificate as a certified public accountant if he has completed, or upon his completion of, any one of the following requirements:

- (a) Three years of public accounting experience, two years of which have been in the employ of a certified public accountant or a firm of certified public accountants.
- (b) Three and one-half years of public accounting experience, one year of

which has been in the employ of a certified public accountant or a firm of certified public accountants.

- (c) Four years of public accounting work in cases in which none of the work has been done in the employ of a certified public accountant or firm of certified public accountants.

Section 6. Section 5017.6 is hereby added to the Business and Professions Code, to read as follows:

5017.6. Every person who receives a certificate from the board shall be entitled to practise as a certified public accountant and during the existence of the certificate and of any renewal thereof, shall be styled and known as a certified public accountant.

Section 7. Section 5018 of the Business and Professions Code is hereby amended to read as follows:

5018. No person, other than a holder of a certificate as a certified public accountant issued by the board shall be permitted to assume or use the title of certified public accountant or to use any words, letters or figures indicating or tending to indicate that he is a certified public accountant.

Section 8. Section 5044 of the Business and Professions Code is hereby amended to read as follows:

5044. The amount of the fees prescribed by this chapter is that fixed by the following schedule:

- (a) The application fee is twenty-five dollars.
- (b) The preliminary examination fee is ten dollars.
- (c) The annual renewal fee is five dollars.

Approved, June 2, 1939.

The legislature adjourned sine die June 20th. Assembly bills 1965 and 2100 were not enacted.

CONNECTICUT

The legislature adjourned sine die June 7th. Senate bill 305 previously reported was not enacted.

FLORIDA

The legislature adjourned sine die June 2nd. None of the legislation previously reported was enacted.

MASSACHUSETTS

No further action has been reported on House bill 1775.

MISSOURI

The legislature adjourned sine die June 24th.

Senate bill 212 repealing waiver provision of the 1929 statute was approved June 23rd. The text is as follows:

(Senate Bill No. 212.)
(Regular Session)

AN ACT to repeal Section 13712 and Section 13713, Article 1, Chapter 110, Revised Statutes of Missouri, 1929, relating to the State Board of Accountancy—Qualifications of Applicants—Rules of Examination—Fees—Examinations Waived When—and to enact one new section in lieu thereof dealing with the same subject matter, and to be known as Section 13712, and declaring this to be a revision bill.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section 1. That Section 13712 and Section 13713, Article 1, Chapter 110, Revised Statutes of Missouri, 1929, relating to State Board of Accountancy—Qualifications of Applicants—Rules of Examination—Fees—Examinations Waived, When—be and the same are hereby repealed and one new section dealing with the same subject matter to be known as Section 13712 enacted in lieu thereof and to read as follows:

Section 13712. The board of accountancy, the majority of which shall in all cases have the powers of the board, shall determine the qualifications of persons applying for certificates under this chapter, shall make rules for the examination of same, which shall embrace the following:

(a) Examinations shall be held by the

board at least once in each year, at such times and places as may be determined by them. The time and place of holding such examinations shall be advertised for not less than three consecutive days, not less than thirty days prior to the date of each examination, in at least two daily newspapers printed and published in this state. The examination shall be in "theory of accounts," "practical accounting," "auditing" and "commercial law as affecting accountancy."

- (b) Applicants for certificates, before taking the examination, must produce evidence satisfactory to the board that they are over twenty-five years of age, of good moral character, a graduate of a high school with a four years' course, or have an equivalent education, or pass an examination to be set by the board and that they have had at least three years' practical accounting experience.
- (c) After the examination provided by this chapter the board shall, if in its judgment the applicants be entitled thereto, certify to the secretary of state the name and address of each person to be registered and to whom certificates of registration are to be issued. It shall thereupon be the duty of the secretary of state to register such persons as certified public accountants, and to issue to them certificates of registration. The secretary of state shall be entitled to receive two dollars and fifty cents for each registration and certificate issued, to be paid out of the funds accumulated by this chapter.
- (d) All applications must be filed with the board of accountancy and be accompanied by the following fees:

For registration under Section 13714.....	\$25.00
For issuance of certificate....	10.00

Provided, however, that in the event any candidate fails to pass the required

examination, he shall be entitled to take a second examination within one year after the date of the examination at which he failed to pass, without paying a second fee.

- (e) From fees collected the board shall pay all expenses incident under this chapter: Provided, that no expense incurred shall be a charge against the funds of the state, and that the remuneration of each examiner shall not exceed the sum of five dollars per day while engaged in their duties as such, exclusive of the necessary traveling and other expenses, to which they shall also be entitled: Provided, however, that all moneys received in excess of the fees and expenses herein provided for shall be held by the treasurer of said board as a special fund for other like expenses of said board in carrying out the provisions of this chapter, but said treasurer shall file a report with the governor at the close of each calendar year, showing the amount of moneys received during said year, the amount expended, and for what purpose, and also the

total balance remaining in his hands, which report shall be subscribed and sworn to by said treasurer.

- (f) The board shall annually elect from its members a president, secretary and treasurer, and all certificates required to be executed for and on behalf of the board shall be certified over the signatures of the president and secretary.

Section 2. This bill was recommended by the Statute Revision Commission to be a revision bill and the General Assembly hereby determines the same to be a revision bill within the meaning of Article IV, Section 41, of the Constitution of Missouri.

Approved, June 23, 1939.

OHIO

The legislature adjourned sine die June 14th. Senate bill 250 previously reported was not enacted.

PUERTO RICO

No further word has been received concerning House bill 573.

Meetings and Elections

Alabama Society of C.P.A.'s

Date: May 19 and 20, 1939. Annual Meeting.

Elections: President—J. J. Scarborough, Jr., of Birmingham.
Secretary-Treasurer—Chester H. Knight, of Tuscaloosa.

California Society of C.P.A.'s

Date: June 17, 1939.

Place: San Francisco.

Elections: President—J. B. Scholefield.
First vice-president—Albert J. Watson.
Second vice-president—Oscar Moss.
Secretary-Treasurer—B. W. Bours.

Fresno Chapter

Elections: President—Hillard R. Giffen.
Vice-president—Morris A. Martin.
Secretary-Treasurer—George W. Sims.

Los Angeles Chapter

Date: June 12, 1939.

Elections: President—Thornton G. Douglas.
Vice-president—William E. Ware.
Secretary-Treasurer—James A. Caster.

San Francisco Chapter

Date: May 26, 1939.

Elections: President—Frank G. Short.
Vice-president—E. R. Niemela.
Secretary-Treasurer—B. W. Bours.

Colorado Society of C.P.A.'s

Date: May 25, 1939. Annual Meeting.

Place: Denver.

Elections: President—Thomas E. Stanely, of Denver.
Vice-president—D. McE. Watson, of Denver.
Secretary-Treasurer—Walter E. Hugins, of Denver.
Assistant Secretary-Treasurer—Walter E. Heider, of Denver.

Connecticut Society of C.P.A.'s

Date: June 21, 1939. Annual Meeting.

Place: Hartford.

Elections: President—Milton H. Friedberg, of Bridgeport.

Vice-president—Clarence L. Johnson, of New Haven.

Secretary—Irvile A. May, of New Haven.

Treasurer—Albert Dixon, Jr., of Hartford.

Auditor—Arthur Randall, of Hartford.

District of Columbia Institute of C.P.A.'s

Date: June 13, 1939.

Elections: President—Harold C. Anderson.
Vice-president—Henry S. Owens.
Secretary-Treasurer—Simon W. Levitan.

Florida Institute of Accountants

Date: May 26 and 27, 1939. Annual Meeting.

Place: Miami Beach.

Elections: President—James I. Keller, Jr., of Miami.

Vice-presidents—Manuel A. Montenegro, of Tampa; Roger Cole, of Lakeland; C. K. Milligan, of Jacksonville.
Secretary—Charles Lindfors, of Fort Lauderdale.

Treasurer—Ira Varnedoe, of Jacksonville.

Speakers: Charles B. Couchman, on accounting in the public interest.

H. F. Cordes, a discussion of uniform accounting and exchange of information in department store operation.

Harley Howard and Dr. Audrey Marrs, decentralization procedure.

Larry Johnston, on Federal Credit Unions.

Round Tables: Hotel Accounting—led by Jack Mahoney.

Federal Taxes—Income taxes—led by M. G. Furman.

Estate and gift taxes—led by Manuel A. Montenegro.

Social-security taxes—led by Ben James.

Comparative Statements in Account-

ant's Reports—led by Walter Mucklow.
 Depreciation Charges from the Standpoint of the Appraiser—led by Adriane McCune.

Maryland Association of C.P.A.'s

Date: June 13, 1939. Annual Meeting.

Place: Baltimore.

Elections: President—John L. McKewen, of Baltimore.

Vice-president—J. Elwood Armstrong, of Baltimore.

Secretary—Carroll F. Davis, of Baltimore.

Treasurer—Howard A. Schnepfe, of Baltimore.

Subjects of Discussion:

"An Accountant's Responsibilities to His Profession, to the Public, and to His Clients."

Paper by—Frank A. Shallenberger, past president, Maryland Association of Certified Public Accountants.

Commentator—John H. Bulin, chief accountant, The Baltimore News-Post.

"Capital Surplus."

Paper by—S. M. Wedeberg, professor of accounting, University of Maryland.

Commentator—Charles W. Burton, treasurer, Anchor Post Fence Company.

"Legal and Accounting Aspects of Treasury Stock."

Paper by—Charles W. Smith, attorney at law, chief accountant, Federal Power Commission, past president, Maryland Association of Certified Public Accountants.

Commentator—Vernon E. Sanford, partner, Joseph Oliver.

"An Auditor's Responsibility for the Verification of Inventory."

Paper by—J. Elwood Armstrong, secretary, Maryland Association of Certified Public Accountants.

Commentator—Edward J. Stegman, chairman, Maryland Board of Examiners of Public Accountants, past president, Maryland Association of Certified Public Accountants.

"The 1939 Maryland Income Tax Act."

Paper by—Carl L. Wannen, Deputy State Auditor of Maryland.

Commentator—Robert T. Taylor, of Baltimore.

Michigan Association of C.P.A.'s

Date: May 12, 1939.

Place: Detroit.

Speaker: Lloyd Morey, professor of accounting at the University of Illinois.

Subject: "The Role of the Accountant in Government."

New York State Society of C.P.A.'s

Syracuse Chapter

Date: June 7, 1939.

Elections: President—D. Walter Morton.

Vice-president—William H. Davis.

Secretary-Treasurer—Wendell N. Butler.

Pennsylvania Institute of C.P.A.'s

Harrisburg Chapter

Date: May 25, 1939. Annual Meeting.

Elections: Chairman—Walter Kuhn.

Vice-chairman—Joseph Kettering.

Secretary—Charles J. Rowland.

Treasurer—L. Clifford Myers.

Auditor—Robert L. Miller.

Pittsburgh Chapter

Date: May 16, 1939. Annual Meeting.

Elections: Chairman—James H. Young, Jr.

Vice-chairman—John P. Brown.

Secretary—Ira G. Flocken.

Treasurer—Walter L. Wickard.

Auditor—Ross K. Conaway.

Washington Society of C.P.A.'s

Hosts for 17th Annual Northwest Conference of C.P.A.'s.

Date: June 16 and 17, 1939.

Place: Seattle.

Subjects of Discussion: Economic effect of taxes on business.

Accounting to control the difference between book and taxable income.

Round Tables: Examination of accounts receivable.

Examination of inventories.

Spokane Chapter

Date: June 6, 1939. Annual Meeting.

Elections: President—Elden J. Summers.

Vice-president—Tracy K. Elder.

Secretary-Treasurer—Charles F. Hamlin.

Auditor—Victor Wakefield.

Tacoma Chapter

Date: April 26, 1939.

Elections: President—George J. Busch.

Vice-president—Harry Anderson.

Secretary-Treasurer—E. R. Brines.

Auditor—C. L. Stickney, Jr.

Announcements

Wm. M. Beckelman & Co. announce the withdrawal from the firm of Wm. M. Beckelman and a change in the firm name to Victor Beckreck & Co., with offices at 17 Academy St., Newark, N. J.

Isidor Daniels announces the removal of his office to 535 Fifth Ave., New York, N. Y.

Charles W. Erskine announces the removal of his office to 535 Fifth Ave., New York, N. Y.

Murdo MacKenzie announces the removal of his office to 318 Kearny St., San Francisco, Calif.

Abraham Plancher announces his affiliation with Herman Plancher in the firm of Plancher & Plancher, with offices at 11 W. 42nd St., New York, N. Y.

R. G. Rankin & Co. announce the removal of their offices to 30 Broad St., New York, N. Y.

Marvyn J. Wagner and L. Lawrence Grabois announce the formation of the firm of Wagner, Grabois & Co., with offices at 225 Broadway, New York, N. Y.

Carbis Walker and Associates announce the removal of their Winston-Salem, N. C., office to suite 1211, Reynolds Bldg.

Raymond S. Blunt, of Chicago, Ill., on May 16th addressed the South Town Planning Association "Town Hall" meeting in Chicago on "Community Planning." Mr. Blunt serves as secretary of the South Town Planning Association and is a member of its executive committee and board of directors.

Leslie J. Buchan, professor of accounting in the College of Commerce and Business

Administration at Tulane University, has been appointed dean of the College, and will officially assume the duties of the office on September 1st.

J. R. Cowan, of Tulsa, Okla., addressed the students of the Oklahoma Agricultural & Mechanical College and Oklahoma University on the occasion of the presentation by the Oklahoma Society of Certified Public Accountants of medals to the three outstanding students in the schools of commerce at Oklahoma Agricultural & Mechanical College and Oklahoma University.

Rupert G. Fain, of Rochester, N. Y., on May 22nd addressed the New York State Retail Jewelers Association at Syracuse, N. Y.

Ted Ferguson, of Forth Worth, Texas, has been appointed chairman of the vocational guidance committee of the Fort Worth Kiwanis Club.

Stephen Gilman, of Chicago, Ill., is the author of a book published May 1st, entitled "Accounting Concepts of Profit."

Harris, Kerr, Forster & Company recently published a fifty-two page booklet entitled *Trends in the Hotel Business—Statistical Review, 1938*.

Leonard I. Houghton, of Saranac Lake, N. Y., has been elected treasurer of the Saranac Lake General Hospital. He has also been elected president of the Saranac Lake Rotary Club.

James I. Keller, Jr., of Miami, Fla., on May 17th delivered an address at the University of Miami School of Business Administration entitled, "Relationship of Accountancy and Law."

Howard A. Kenyon, of Providence, R. I., has been appointed Providence City Auditor.

R. Louis Lazo and Lewis Gluick, of New York, N. Y., both officers of the Naval Reserve, had tours of training duty in the U. S. S. *Ranger*, the aircraft carrier, during May.

William Margulies, of Newark, N. J., has been elected trustee for a two-year term of the New Jersey Association of Credit Men.

George D. E. McAninch, of Chicago, Ill., addressed the midwestern conference of the Controllers' Institute of America at Cleveland, Ohio, on May 15th, on duties and responsibilities of controllers.

Charles E. McCune, of Tulsa, Okla., has been appointed a member of a subcommittee of the taxation committee of the Tulsa Chamber of Commerce to study certain of the budgets of the city departments for the coming year.

J. H. Nance, of Dallas, Texas, recently addressed the Retail Furniture Association of Texas at San Antonio on "The Road to Net Profits." This talk has been published in the *Texas Furniture News* for June.

Francis C. Nixon, of Valdosta, Ga., addressed the Moultrie Kiwanis Club of Moultrie, Ga., on the subject of taxes. Mr. Nixon was recently elected secretary-treasurer of the Valdosta Chapter, Reserve Officers Association.

R. A. Parker, of Dayton, Ohio, on May 23rd addressed the faculty of the Oakwood city schools, at Dayton, on revisions in the Ohio taxation system and their effects on school finances.

Arthur L. Philbrick, of Providence, R. I., has been elected trustee of Brown University.

Charles S. Rockey, of Philadelphia, Pa., has been elected to the executive council of the Protestant Episcopal Diocese of Pennsylvania.

C. Aubrey Smith, of Austin, Texas, recently addressed the accounting section of the Southwestern Social Science Association at Dallas, Texas, on "Teaching the Course in Auditing." Mr. Smith is the co-author with G. H. Newlove and John A. White of a book entitled *Intermediate Accounting*, published by D. C. Heath & Company in April of this year.

Victor H. Stempf, of New York, N. Y., on June 21st addressed the American Woman's Society of Certified Public Accountants at its annual dinner at the Hotel McAlpin, New York, N. Y., on the subject of "Recent Reconsideration of Audit Practice and Procedure."

Clarence L. Turner, of Philadelphia, Pa., recently addressed Temple University students in accounting on the procedure in settlement of federal taxes.

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of The American Institute of Accountants

AUGUST 1939

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Vol. 19 • No. 8
—



Nominations

Examinations

Annual Meeting

Dominion Association Meeting

Natural Business Year

Election of Members

Announcements

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THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of The American Institute of Accountants

Annual Meeting, San Francisco

September 18-21, 1939

ANNUAL meetings of the American Institute of Accountants have increased rapidly in size and in importance in recent years. The explanation must be largely that certified public accountants are eager to discuss the many important problems which are interwoven with their splendid opportunities. The San Francisco meeting, September 18th to 21st, will be attended by more than eight hundred members and guests, if the estimate of the committee on meetings is accurate. While, as in recent years, the social features and recreation will be subordinated to the business program, the San Francisco meeting does offer an unusually attractive opportunity to combine pleasure and profit. Complete details on every aspect of the meeting are published in this bulletin.

Everything conceivable has been done to arrange a technical program which will prove of practical value to those who attend and entertainment which will be memorable. Reservations already received indicate that a large party will be traveling from the east via Chicago on the American Institute of Accountants Special, which will run on its own schedule with complete equipment at the disposal of the official party exclusively.

Students, teachers, and practitioners of accountancy, and all others interested in the subject are cordially invited to attend the meeting. Members and associates of the Institute are urged to do so if they can possibly arrange it. A well attended and successful meeting definitely improves the common understanding of professional problems and the objectives of the national organization, with consequent increase in strength and efficiency.

Medal Awards to Students in Accountancy

BY ROSS T. WARNER

*Chairman, educational committee, Oklahoma Society of Certified
Public Accountants*

ONE of the functions of an educational committee is to encourage our university students who are planning to enter the accounting profession. In 1938 the Oklahoma Society of Certified Public Accountants appropriated \$100 to be spent for prizes to be awarded to the outstanding graduates of the schools of business at Oklahoma University and Oklahoma Agricultural & Mechanical College. The details with respect to the nature of the awards and the basis upon which they were to be given were left to the educational committee to work out. It was emphasized by the head of the accounting department at each school that cash awards would be less acceptable than something of a more lasting nature. Preference was shown toward medals or keys. It was finally decided to make the following awards: gold medals for first place; sterling silver medals for second place; and honorable mention, together with one year's subscription to *The Journal of Accountancy* for third place. The ribbons attached to the medals were of the colors of the respective schools.

On May 16th the president of the Oklahoma Society of Certified Public Accountants and a number of other members attended the final meeting of the Accountants Club of Oklahoma University. A talk was given by our society president, Howard W. Hinman, and the nature of the awards was explained and the awards were made at that time. On May 26th a similar meeting was held at the Oklahoma A. & M. College. A dinner meeting was especially arranged for the occasion. John R. Cowan, president of the Tulsa Chapter and vice-president of the Oklahoma Society, addressed the meeting. The meetings at both schools were entirely successful and a great deal of enthusiasm was shown by the students and faculty members.

The awards were not entirely based upon scholarship in accounting. At Oklahoma A. & M. College five faculty members assisted the committee in selecting the students to receive the awards. The basis for selecting the winning students is shown in the report of the committee, which reads in part as follows:

"Seniors of the class of 1939 in the department of accounting were not eligible for consideration unless their scholastic records equaled or exceeded the minimum requirements laid down for admission of members into the national honorary accounting fraternity, Beta Alpha Psi; namely, a grade point average of 3.0 in all accounting courses and a grade point average of 2.5 in all academic courses taken.

"Scholarship in accounting courses counted 25 per cent; scholarship in academic courses taken was given a weight of 25 per cent. Professional bearing was assigned 20 per cent. Character was allotted 15 per cent. Esteem of fellow students was valued at 15 per cent.

"The candidate's percentage for scholarship in accounting was derived by multiplying 25 per cent by the ratio of his grade points in accounting to perfect grade-point average of 4. In a similar way the candidate's percentage for scholarship in all courses was determined. The candidate's percentages for professional bearing, character, and attitude of his fellow students toward him were assigned in accordance with the opinion of each judge. On a tabulation sheet each judge found the total percentage he assigned to each candidate from the valuation groups as explained above.

"Each judge then ranked the candidates according to the highest total percentages received, the candidate receiving the highest total percentage being given the rank of 1 and the candidate obtaining next to the highest percentage being assigned the rank of 2, etc. Finally the ranks assigned by all judges were totaled for each student. The three students who received the lowest numbers were, of course, the highest ranking seniors in the Department of Accounting."

The faculty members and students of both schools have urged that similar awards be made next year.

The American Institute of Accountants

Proposed Amendments to By-laws

Members and associates of the Institute will receive with the official notice of the annual meeting, which will be mailed about the time this bulletin is issued, a copy of the report of the committee on by-laws, recommending two amendments to the by-laws of the Institute.

The proposed amendments are as follows:

"Amend article V, section 2, by substituting for the words 'five months,' the words 'two months,' so that the entire section will read as follows:

"Sec. 2. A member or an associate who fails to pay his annual dues or any subscription, assessment or other obligation to the Institute within two months after such debt has become due shall automatically cease to be a member or an associate of the Institute."

"Amend article VII, section 1 (a) to read as follows:

"(a) Thirty-five members in practice, to be increased by the following method to forty-eight members in practice, not more than six of whom shall be residents of the same state: At each of the annual meetings in 1940 and 1941, nine members in practice shall be elected for a term of three years or until their successors shall have been elected; thereafter, sixteen members in practice shall be elected at each annual meeting for a term of three years or until their successors shall have been elected; and"

Examinations

The regular fall examinations of the American Institute of Accountants will be held on Thursday and Friday, November 16th and 17th. Coöperating state boards of accountancy will hold their sessions on the same days. Further details will be published in a later issue of this bulletin.

Nominations

The Institute's committee on nominations has nominated the following members of the Institute for the several offices for the fiscal year 1939-1940:

President:

JOHN K. MATHIESON, Pennsylvania

Vice-presidents:

SAMUEL J. BROAD, New York

LINCOLN G. KELLY, Utah

Treasurer:

ARTHUR W. TEELE, New York

Auditors:

JAMES F. HUGHES, New York

SIMON LOEB, New York

After analyzing the suggestions of the membership in the several states concerned, the committee also proposes the following for election as members of the council:

For a term of five years:

T. COLEMAN ANDREWS, Virginia

A. KARL FISCHER, Pennsylvania

WILLIAM A. HIFNER, JR., Kentucky

HENRY F. MEYER, Georgia

EDW. S. RITTLER, Louisiana

RODNEY D. WHITE, Washington

EDWARD B. WILCOX, Illinois

The official report of the committee on nominations will be submitted to the membership with the call for the annual meeting at least 30 days prior to the date of the meeting.

Members of the committee on nominations are as follows: Robert H. Montgomery, *chairman*, New York, Roy Andreae, Illinois, James A. Councilor, District of Columbia, Homer L. Dalton, Ohio, Norman L. McLaren, California, Edw. S. Rittler, Louisiana, Ross T. Warner, Oklahoma.

Mr. Rittler refrained from voting on the proposal that he be nominated for membership on council.

Audit Reports for State Highway Departments

There have been brought to the attention of the Institute certain deficiencies and inadequacies in the form of accountant's report or certificate required by various state highway departments or state regulatory bodies to be filed by contractors bidding for construction works or materials. The secretary recently wrote to each state highway department head requesting samples of the form of report or certificate required and information as to whether prequalification statements and a specific form of accountant's report are required by statute or department regulation.

The president of the Institute has appointed a special committee to study the replies and related data and make whatever recommendations may seem appropriate.

Following are the members of the new committee:

J. M. Bowlby, *chairman*, Illinois
Carl Penner, Wisconsin
W. A. Hifner, Jr., Kentucky
O. C. Herdrich, Indiana
R. J. LeGardeur, Louisiana

1939 Annual Meeting

Plans for the 1939 annual meeting of the American Institute of Accountants at San Francisco, which are nearing completion, indicate that the meeting will be outstanding in interest and importance to the profession. Speakers of national prominence representing the fields of government, business, banking, education, and accounting will take part in the various sessions devoted both to broad professional subjects and technical questions.

The California Society of Certified Public Accountants will be host to the American Institute of Accountants. All persons interested in accounting will be welcome at the meeting.

ROUND TABLE SESSIONS

The program committee has been mindful that the national professional organization should concern itself both with broad problems facing the profession and specific problems facing the practitioner of accounting. There are also many technical subjects which deserve careful consideration. The round-table plan has proven itself of great value in the past in permitting the interchange of ideas of a large number of those attending the meeting and inclusion on the program of many subjects that deserve treatment. Following is an outline of the round-table sessions:

Internal Conduct of an Accounting Practice

Leader: Rodney D. White, Seattle, member, American Institute of Accountants.

Speakers: (To be announced.)

Inquiries at the Institute indicate that there are many questions concerning such subjects as office management, office accounts and records, fees, retainers, retention of working papers,

etc., on which a knowledge of what various accountants are doing would be of great value. Procedures that are efficient in one firm may be of doubtful value in another. This round table will offer an opportunity to all to present their problems and obtain the opinions of others who have dealt with questions under the same or similar conditions.

Extension of Accounting Practice

Leader: Lincoln G. Kelly, Salt Lake City, member, American Institute of Accountants.

Speakers: (To be announced.)

There are many fields in which the profession has not made the contribution it might be expected to make. On several occasions, for example, the president of the Institute has urged the audit of the accounts of labor unions, both in the interest of the public and of labor.

Again, accountants in this country have not served in the field of bankruptcy to the extent that European accountants have participated in bankruptcy and reorganization proceedings. The first thorough revision of the bankruptcy laws since 1898 was effected in the passage last September of the Chandler act. The drafting committee of the National Bankruptcy Conference and the special attorney for the Supreme Court in redrafting the general orders in bankruptcy to make these orders applicable to the new bankruptcy act have had recommendations from the American Institute of Accountants in regard to appointment of auditors in bankruptcy as well as the matter of compensation for accountants' services.

In recent years, consumer coöperatives have had a phenomenal growth in this country. The Coöperative League of the United States has a national accounting division to develop accounting systems and methods of inter-

nal control for consumer coöperatives. Quite apart from the progress that has been made within the coöperatives themselves, it has been felt by many that the services of independent certified public accountants should further be extended in this important and rapidly growing field.

Accountants have for many years carried out bank audits, but it is commonly known that among the many new types of banking institutions, as well as with the older institutions, the independent auditor has not played as large a rôle as he should.

In the field of industrial arbitration, the Institute's special committee on commercial arbitration pointed out in its report to council last year that accountants were, through their training and experience, peculiarly well qualified to serve as arbitrators and deserved compensation for such work. It has for years been the practice in Europe for accountants to be paid for their services as arbitrators. These and other interesting matters will be discussed at one round table.

Whose Balance-sheet Is It?

1. The Public Accountant's?
2. The Client's?

Leader: Victor H. Stempf, member, American Institute of Accountants.

Speakers: (To be announced.)

The answer to the question, "Whose Balance-sheet Is It?" is fundamental to a sound approach to many accounting questions. There exists a wide difference of opinion on the question, and it has been deemed desirable to devote a round-table session to a full and frank discussion of the whole subject.

Inventories

1. Program of Physical Tests of Quantities
2. Basis of Pricing

Leader: Edward A. Kracke, New York, chairman, special committee on inventories, American Institute of Accountants.

Topics of Discussion:

"Physical Tests of Quantities":

1. The purpose of tests as approved audit procedure, and the meaning of such tests in the physical examination of inventory quantities.

Speaker: George Cochrane.

Leader of Floor Discussion: Samuel J. Broad.

2. The "mechanics" of the procedure of making physical tests of inventory quantities.

Speaker: C. Oliver Wellington.

Leader of Floor Discussion: George W. Sims.

3. The question of when the physical testing procedure may not be practicable or reasonable; and the relation of consideration of "quality" and "condition" to this question.

Speaker: W. Joe Nichols.

Leader of Floor Discussion: J. Gordon Hill.

"Valuation — Basis of Pricing":

The significance of the acceptance by Congress, in the 1939 revenue act, of the "last in, first out" method, as a recognized basis for the valuing of inventories.

Speaker: Carman G. Blough.

Leader of Floor Discussion: Maurice E. Peloubet.

Municipal Accounting Clinic

Leader: T. Coleman Andrews, Richmond, member, American Institute of Accountants.

Brief review of the work of the Institute's special committee on governmental accounting and the National Committee on Municipal Accounting.

Work of the Uniform Accounting Committee of the California League of Municipalities.

J. M. Lowery, county auditor, Los Angeles.

Accounting in the City and County of San Francisco.

James F. Egan, San Francisco, certified public accountant.

Auditing Problems of Municipalities.

Ralph B. Mayo, Denver, member, American Institute of Accountants

Discussion, led by:

C. C. Gabrielson, Los Angeles, member, American Institute of Accountants.

S. V. Young, Philadelphia, member, American Institute of Accountants.

H. A. Harrison, Los Angeles, member, American Institute of Accountants.

The foregoing round-table program has been arranged by Lloyd Morey, Urbana, chairman of the Institute's special committee on governmental accounting. Through coöperation with the National Committee on Municipal Accounting, an exhibit of literature on municipal accounting has been arranged, and machine bookkeeping forms for governmental bodies will be displayed as a part of exhibits by manufacturers of accounting machines.

Detection of Fraud by Independent Auditors.

Leader: J. S. Seidman, New York, member, American Institute of Accountants.

Speakers: (To be announced.)

The round-table leader has during the last year gathered a wealth of material on the subject of fraud detection and has spoken on the subject before the New York State Society of Certified Public Accountants and the Columbia University Institute on Accounting.

New Tax Legislation and Administration

Leader: Walter A. Cooper, New York,

member, American Institute of Accountants.

Principal Speaker:

Thomas Tarleau, legislative counsel, United States Treasury Department.

(Other speakers to be announced.)

Current federal income-tax law is always a matter of vital interest to certified public accountants. The leader of the session is the author of the article "Business Appeasement as Reflected in the 1939 Revenue Act" which appeared in the August 1939, issue of *The Journal of Accountancy*; and the Institute has been most fortunate in obtaining an authoritative speaker on the subject of federal tax legislation, Thomas Tarleau, legislative counsel of the United States Treasury Department.

Progress in Accounting Research

Leader: Thomas H. Sanders, Boston, director and coördinator of research, American Institute of Accountants research department.

Speakers:

William A. Paton, Ann Arbor, member, American Institute of Accountants.

William W. Werntz, chief accountant, Securities and Exchange Commission.

(Third speaker to be announced.)

This year the Institute has taken a big step forward, which it has considered taking for many years, in the establishment of a research department. The discussion at this round table will cover the objectives of accounting research, methods of procedure, and the kind of subject matter with which research efforts may deal.

DISCUSSION OF AUDITING PROCEDURE

The last day of the meeting will be devoted to a discussion of auditing

procedure. P. W. R. Glover, New York, chairman of the Institute's special committee on auditing procedure, will act as chairman of the meeting.

Papers on the following subtopics will be read at this session:

Review of Recent Developments in Auditing.

Professor Henry Rand Hatfield, University of California.

What Is Expected of the Independent Auditor?

1. From the Viewpoint of the Investor.

John Haskell, vice-president of the New York Stock Exchange.

William W. Werntz, chief accountant of the Securities and Exchange Commission.

2. From the Viewpoint of the Commercial Banker.

(Representative of Robert Morris Associates—To be announced.)

3. From the Viewpoint of Management.

Rodney S. Durkee, San Francisco, past president of the Controllers Institute.

Extension of Audit Procedure to Meet New Demands.

1. Lewis Lilly, San Francisco, member, American Institute of Accountants.

2. Samuel J. Broad, New York, member, American Institute of Accountants.

Liability of the Independent Auditor.

Spencer Gordon, Washington, D. C., counsel of the American Institute of Accountants.

ADDRESSES AT GENERAL SESSIONS

The program includes addresses by several guest speakers.

Honorable A. Rossi, mayor of the city of San Francisco, will give an address of welcome.

Philip A. Benson, president of the

American Bankers Association, will address the Tuesday morning session.

Other speakers have been invited and their names will be announced later when definite acceptances are received.

BUSINESS SESSIONS

The official business of the Institute will be transacted at two sessions; the first general session convening at 9:30 A.M. on Tuesday, September 19th, and the last general session convening at 9:30 A.M. on Thursday, September 21st.

On Tuesday, Clem W. Collins, president of the Institute, will make his annual address. Then will follow the report of council embodying a summary of its acts as the governing body of the Institute during the preceding year.

Election of officers and members of council for the ensuing fiscal year will be held Thursday morning. Nominees whose names appear elsewhere in this issue have been announced in the call to meeting sent to all members of the Institute. The last item of business will be selection of the 1940 meeting place.

MEETINGS OF COUNCIL

As usual, there will be two executive sessions of council. The first will convene on Monday, September 18th, at 9:30 A.M. On Thursday, September 21st, at its second session, the council will elect members of the executive committee, the committee on professional ethics and the board of examiners, and will consider any new business that may be brought before it.

ACCOUNTANCY EXAMINERS

As in previous years, the board of examiners of the Institute and the Association of Certified Public Ac-

countant Examiners will hold a meeting open to persons interested. This session will convene at 2:00 P.M., Monday, September 18th. The Elijah Watt Sells awards to those attaining highest grades in examinations for the C.P.A. certificate will be presented at this meeting.

ADVISORY COUNCIL

The Advisory Council of State Society Presidents will hold its meeting at 9:30 A.M., Monday, September 18th.

MACHINE EXHIBIT

Arrangements have been made for a business machine exhibit to be held from 10:00 A.M., Monday, September 18th, until Thursday evening, the 21st.

THE CALIFORNIA SOCIETY

An invitation luncheon and the adjourned annual meeting of the California Society of Certified Public Accountants will be held Monday, September 18th, 12:30 to 2:30 P.M.

GOLF AND TENNIS TOURNAMENTS

Letters have been sent to state society presidents urging their respective societies to enter teams in the golf tournament for possession of the Missouri Golf Trophy presented to the Institute in 1924, by the Missouri Society of Certified Public Accountants. The golf tournament will be held at the San Francisco Golf Club on Wednesday, September 20th, and buses will leave the Fairmont Hotel at 11:00 A.M. The entry fee, which will cover transportation to and from the San Francisco Golf Club, luncheon, green fee and prizes, will be \$5. State societies have been requested to make entries before September 1st.

On Wednesday, a tennis tournament will be held at the Berkeley Tennis

Club for possession of the Missouri Trophy. State societies have also been invited to enter teams in this tournament.

ENTERTAINMENT

A reception and tea has been arranged for those arriving from out of town on Sunday, September 17th, from 5:00 to 7:00 P.M.

On Monday evening from 5:30 to 7:00 P.M., an entertainment and cocktail party will be held at the Fairmont Hotel.

On Tuesday morning, September 19th, from 8:00 to 9:15 A.M., a group breakfast has been planned.

On Tuesday night, a buffet supper and entertainment will be held at the Bohemian Club.

In addition to the golf and tennis tournaments scheduled for Wednesday afternoon, September 20th, a visit to the Golden Gate International Exposition has been scheduled. Many participating in sports during the daytime will visit the Exposition in the evening.

The annual banquet will bring the meeting to a close on the evening of Thursday, September 21st. J. B. Scholefield, member of the American Institute of Accountants, will act as toastmaster. Following the banquet which will start at 7:00 P.M., there will be dancing until 2:00 A.M., Friday morning.

The Los Angeles Chapter of the California Society has arranged a bureau at the Biltmore Hotel, Los Angeles, to assist in planning entertainment for Institute members and their friends who may visit Los Angeles. The Chapter has asked that a cordial invitation be extended to all to stop at Los Angeles and visit the motion picture colony at Hollywood and other points of interest.

LADIES' PROGRAM

The committee on ladies' program has made elaborate arrangements for the entertainment of wives of members and other ladies who attend the meeting. Complete details will be announced later.

REGISTRATION

Registration fees have been fixed at \$8 for men and \$6 for ladies. This does not cover entrance in the golf or tennis tournaments, but does include all other regular events on the program, both business and entertainment.

There will be a limited registration fee of \$2 which will grant admission to all technical sessions and the play on Tuesday evening.

Registration will begin on Sunday, September 17th.

HOTEL ACCOMMODATIONS

The Fairmont Hotel, where all sessions of the meeting will be held, offers the following room rates:

Court Rooms

Single.....	\$4
Double (double bed).....	\$6
Double (twin beds).....	\$7

Outside Rooms

Single.....	\$5, \$6, \$7, \$8
Double (double bed or twin beds)	\$8, \$10, \$12
Suites.....	\$18, \$20, \$25, \$30

Reservations should be addressed to Mr. C. J. Shea, assistant manager, Fairmont Hotel, San Francisco, California. They should indicate the probable time of arrival and if any subsequent change is made in an arrival time, the hotel should be notified immediately, as reservations are not ordinarily held after the time indicated.

Program of Annual Meeting

SUNDAY, SEPTEMBER 17TH

All day. Registration.

5:00-7:00 P.M. Reception. Tea. Fairmont Hotel.

MONDAY, SEPTEMBER 18TH

All day. Registration.

9:30 A.M. Meeting of Council (executive session).

9:30 A.M. Meeting of Advisory Council of State Society Presidents.

10:00 A.M. Machine Exhibit (to be open until Thursday evening).

12:30-2:30 P.M. Invitation luncheon and annual meeting of California Society of Certified Public Accountants.

2:00-5:00 P.M. Joint Meeting of Accountancy Examiners under Auspices of Association of Certified Public Accountant Examiners and Institute Board of Examiners.

Presentation of Elijah Watt Sells awards.

5:30-7:00 P.M. Entertainment. Cocktail party. Fairmont Hotel.

TUESDAY, SEPTEMBER 19TH

8:00-9:15 A.M. Group Breakfast.

9:30 A.M.-12:00 M. General Session:

Clem W. Collins, Chairman.

Welcome—**Honorable A. Rossi**, Mayor of San Francisco.

Address of welcome—President of California Society of Certified Public Accountants.

Response.

Introduction of foreign guests and distinguished visitors.

President's Address.

Report of Council.

Address: **Philip A. Benson**, President of American Bankers Association.

2:30-4:30 P.M. Round-Table Sessions:

"Internal Conduct of an Accounting Practice."

Leader: **Rodney D. White**, member, American Institute of Accountants.

Speakers:

Organization of Office—**Parry Barnes** and **Judson E. Krueger**, members, American Institute of Accountants.

Organization of Staff—**Thornton G. Douglas**, member, American Institute of Accountants.

Organization of Work—**Fred J. Duncombe**, member, American Institute of Accountants.

(Other speakers to be announced.)

"Extension of Accounting Practice."

Leader: **Lincoln G. Kelly**, member, American Institute of Accountants.

Topics:

1. State societies' program for extension of auditing and accounting practice.
2. Appointment of certified public accountants as receivers or auditors for receivers.
3. The rôle of accountants in bankruptcy and reorganization cases.
4. Development of specialized types of practice and the function of state societies in such a program.
5. Publicity programs to be undertaken by state societies.
6. Research work to extend the services of accountants to types of industries containing many small units, such as dairies.
7. Promotion of wider use of accountants' reports by management, with particular reference to operating problems.
8. The services of public accountants to smaller business organizations.
9. Extension of practice with respect to (a) labor unions, (b) consumer coöperatives, (c) banks, (d) building-and-loan associations.
10. Extension of practice with respect to industrial arbitration.

"Whose Balance-sheet Is It?"

1. The Public Accountant's?
2. The Client's?

Leader: **Victor H. Stempf**, member, American Institute of Accountants.

Speakers: (all members, American Institute of Accountants):

Robert Buchanan	Claud F. Harmon
Willis Graves	H. W. McIntosh
F. F. Hahn	Edward P. Tremper

"Inventories."

1. Physical Tests of Quantities.
2. Basis of Pricing.

Leader: **Edward A. Kracke**, chairman, special committee on inventories, American Institute of Accountants.

Speakers: (all members, American Institute of Accountants):

George Cochrane **W. Joe Nichols**
C. Oliver Wellington **Carman G. Blough**

Night. Buffet supper and entertainment.
 Bohemian Club.

WEDNESDAY, SEPTEMBER 20TH

9:00 A.M.—12:00 M. Round-Table Sessions:
Municipal Accounting Clinic.

Leader: **T. Coleman Andrews**, member, American Institute of Accountants.

Brief review of the work of the Institute's special committee on governmental accounting and the National Committee on Municipal Accounting.

Speakers:

"Work of the Uniform Accounting Committee of the California League of Municipalities."

J. M. Lowery, county auditor, Los Angeles.

"Accounting in the City and County of San Francisco."

James F. Egan, certified public accountant.

"Auditing Problems of Municipalities."

Ralph B. Mayo, member, American Institute of Accountants.

Discussion, led by:

C. C. Gabrielson, member, American Institute of Accountants.

S. V. Young, member, American Institute of Accountants.

H. A. Harrison, member, American Institute of Accountants.

"Detection of Fraud by Independent Auditors."

Leader: **J. S. Seidman**, member, American Institute of Accountants.

"New Tax Legislation and Administration."

Leader: **Walter A. Cooper**, member, American Institute of Accountants.

Principal Speaker:

Thomas Tarleau, legislative counsel, United States Treasury Department.
 (Other speakers to be announced.)

"Progress in Accounting Research."

Leader: **Thomas H. Sanders**, director and coördinator of research, American Institute of Accountants research department.

Speakers:

William A. Paton, member, American Institute of Accountants.

William W. Werntz, chief accountant, Securities and Exchange Commission.

George Harvey Rudd, member, American Institute of Accountants.

Afternoon and Evening.

Golf tournament at the San Francisco Golf Club. (Buses will leave the Fairmont Hotel at 11:00 A.M.) Luncheon at San Francisco Golf Club.

Tennis tournament at Berkeley Tennis Club.

Visit to Golden Gate International Exposition.

THURSDAY, SEPTEMBER 21ST

9:30 A.M.—4:30 P.M. General Session:

Lewis Ashman, vice-president, in the chair.

Election of officers and members of Council.

Selection of 1940 meeting place.

Discussion of Auditing Procedure.

Leader: **P. W. R. Glover**, chairman, special committee on auditing procedure, American Institute of Accountants.

Speakers:

Review of Recent Developments in Auditing—**Professor Henry Rand Hatfield**, University of California.

What Is Expected of the Independent Auditor?

1. From the Viewpoint of the Investor
John Haskell, vice-president of the New York Stock Exchange.
William W. Werntz, chief accountant of the S.E.C.

2. From the Viewpoint of the Commercial Banker—(Representative of Robert Morris Associates—to be announced.)

3. From the Viewpoint of Management—**Rodney S. Durkee**, past president of the Controllers Institute.

Extension of Audit Procedure to Meet New Demands.

Lewis Lilly and **Samuel J. Broad**, members, American Institute of Accountants.

The Liability of the Independent Auditor—**Spencer Gordon**, counsel of the American Institute of Accountants.

5:00 P.M. Meeting of Council (Executive Session).

7:00 P.M. Annual Banquet. Fairmont Hotel.

Toastmaster—**J. B. Sholefield**, member, American Institute of Accountants.

(Speaker to be announced.)

10:00 P.M.—2:00 A.M. Dancing.

Special Train and Travel Accommodations

Arrangements have been made with the New York Central and Burlington Railroads for special cars from the east to Chicago, where they will be made part of a chartered train for the exclusive use of Institute members, their families and friends traveling to the meeting.

Following is the train schedule, and members may arrange to join the party at any of the following train stops that are listed:

NEW YORK DELEGATION

Wednesday—September 13

Lv.: New York, N. Y.	New York Central R.R.	3:20 P.M.
Lv.: Albany, N. Y.	New York Central R.R.	5:50 P.M.
Lv.: Utica, N. Y.	New York Central R.R.	7:55 P.M.
Lv.: Syracuse, N. Y.	New York Central R.R.	8:54 P.M.
Lv.: Rochester, N. Y.	New York Central R.R.	10:21 P.M.
Lv.: Buffalo, N. Y.	New York Central R.R.	11:25 P.M.

NEW ENGLAND DELEGATION

Lv.: Boston, Mass.	Boston & Albany R.R.	12:00 M.
Lv.: Worcester, Mass.	Boston & Albany R.R.	1:10 P.M.
Lv.: Springfield, Mass.	Boston & Albany R.R.	2:21 P.M.
Lv.: Pittsfield, Mass.	Boston & Albany R.R.	4:10 P.M.

Thursday—September 14

Ar.: Chicago, Ill.	New York Central R.R.	7:30 A.M.
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SPECIAL TRAIN FROM CHICAGO

Thursday—September 14

Lv.: Chicago, Ill.	Burlington Route	12:30 P.M.
Lv.: Omaha, Neb.	Burlington Route	10:20 P.M.
Lv.: Lincoln, Neb.	Burlington Route	11:35 P.M.
Lv.: St. Louis, Mo.	Burlington Route	2:00 P.M.
Lv.: Kansas City, Mo.	Burlington Route	7:15 P.M.
Lv.: St. Joseph, Mo.	Burlington Route	8:32 P.M.

St. Louis, Kansas City, and St. Joseph passengers join Special Train at Omaha.

Friday—September 15

Ar.: Denver, Colo.	Burlington Route	7:55 A.M.
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At Denver—entertainment by Colorado Society

Lv.: Denver, Colo.	D. & R. G. W. R.R.	12:30 P.M.
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Enroute via Royal Gorge where our train will make a ten minute stop to view this wonderful canyon. Thence over the Continental Divide and through the Canyon of the Colorado River to Glenwood, and on through Salt Lake City to Ogden.

Saturday—September 16

Ar.: Ogden, Utah	D. & R. G. W. R.R.	11:20 A.M. (M.T.)
Lv.: Ogden, Utah	Southern Pacific	11:20 A.M. (P.T.)

Across Great Salt Lake via the famed Lucin Cutoff

(going to sea by rail), thence through the Sierra Nevada Mountains and Sacramento to Oakland—and across San Francisco Bay by ferry.

Sunday—September 17

Ar.: San Francisco, Calif. Southern Pacific 8:50 A.M.
Transfer to Fairmont Hotel for accommodations.
San Francisco annual meeting will be in session September 18–19–20–21, after which members will return to original starting point via routes they may chose.

If you have not already made reservations on the special train, write to the secretary at once stating the city at which you wish to board the train and the accommodations desired. Arrangements have been made with the United Air Lines to accommodate members who will be unable to travel on the special train. Round-trip fares allow a free side trip to Los Angeles at no extra cost. The flying time between New York and San Francisco is seventeen hours and fifty-six minutes.

Schedules are as follows:

Lv.: New York	8:30 A.M.	5:15 P.M.	9:45 P.M.
Ar.: San Francisco	1:36 A.M.	8:41 A.M.	2:41 P.M.

United's "Continental" at 5:15 P.M. makes it just over-night from New York to San Francisco.

Tentative arrangements are in progress for special cars from New Orleans to Los Angeles, where they may be made into a special train; and plans are also under way for the chartering of one or two cars from Seattle, Washington.

A complete swing around the country, visiting both the New York World's Fair and the San Francisco Golden Gate International Exposition, can be made from any station and back again to include the route of the special train to San Francisco and a choice of return routes, for \$135.

Investigations and Trials

At the meeting of council of the Institute at New York, May 8th and 9th, there was extended discussion of the possibility of improving the procedure now laid down for the committee on professional ethics in the by-laws, and the procedure followed in hearing complaints against members by the council sitting as a trial board. Particular reference was made to the proposal which has already been announced that the by-laws be so amended as to provide for an increase in the number of elected members of council from 35 to 48, and the question was raised whether a body of that size might be unwieldy as a trial board.

As a result of the discussion at the May meeting, a recommendation was adopted that a special committee be appointed to investigate the whole subject thoroughly, and to report to the council at its meeting September 18, 1939, at San Francisco. The president of the Institute has recently appointed the following special committee for this purpose:

John F. Forbes, *chairman*, California
Parry Barnes, Missouri
George Cochrane, New York
William B. Franke, New York
James Hall, New York
F. H. Hurdman, New York
Arthur W. Teele, New York
Edward B. Wilcox, Illinois
Dwight Williams, Oklahoma

Accountant Retires

General William McK. Evans, of the firm of Wm. McK. Evans & Co., Richmond, Virginia, retired on August 1st after more than sixty-five years service in the field of accounting. General Evans has been a life-long resident of Richmond, where he was born in 1848. He has been a member of the American Institute of Accountants and its predecessor organizations since 1909.

Competitive Bidding

The following editorial from the July 3rd issue of *The Herald Statesman*, Yonkers, New York, is one of several of the same type which appeared recently in the newspapers of Westchester County, New York:

"The new Westchester County Charter provides that there must be an annual audit of the county's books. The county may either set up its own auditing office, or it may contract with a firm of certified public accountants to do the work.

"Anxious to know what the cost will be, the supervisors' budget committee canvassed prominent accounting firms. These gave informal figures, but declined to commit themselves to those figures. Whereupon, the committee again canvassed the firms to ask if they would enter competitive bids, as is required by the charter in all other contracts for services.

"Unanimously, according to Chairman William C. Duell of the budget committee, the C.P.A. firms replied that they would not enter into any competitive bidding, as this was 'a violation of professional ethics.' As a consequence, the county must now either appoint its own auditor or it must accept whatever firm it favors, and contract for the job at whatever figure the firm names.

* * *

"The question arises as to whether this is good business for any county. When the offices of county comptroller and county treasurer were merged under the new county charter, there were assertions by those sponsoring the new charter that this would prove more economical. Can this claim be substantiated if, in addition to the expenses of the new office of county finance commissioner, there must be added undetermined costs of a public audit by accounting firms which will not bid competitively for the work?

"There is also another question which comes to mind: By what right does the accounting profession assume that to enter into competitive bidding for the job of auditing the books of a county is degrading? What is their reason for assumption that there is something unethical in competition?

"The county charter calls for competitive bidding in all other services, some of which are industrial and some of which are professional. Contractors compete for the work of building parkways, merchants for the job of furnishing materials and food supplies, printers for the service of publishing minutes of the supervisors or election notices, and pharmaceutical firms for the supply of medicines at Grasslands.

"Further, while the bidding is not so formal, attorneys, physicians, teachers, engineers, and other professional men must of necessity compete. Of course, one needing a physician does not bargain as to rates when there is an emergency call. But let any physician maintain a high level of rates and in time he will find that certain patients will go elsewhere. The same is true for other professions, including certified public accountants.

* * *

"Why should this group then anoint itself so unctuously with a code of ethics which is not in keeping with the practice of other businesses?

"Do the members of this profession consider they are above the level of others who would serve the public interests? And is this county going to jeopardize its balanced budget by accepting that self-serving theory?"

Shortly after the appearance of the above editorial the following letter was addressed to the editor of *The Evening Dispatch*, White Plains, New York, by a member of the American Institute of Accountants, in response to a similar editorial published in that newspaper:

"My attention has been drawn to your editorial published on July 3rd

last under the title 'The Self-Anointed' and having resided and having been a taxpayer in Westchester County for over twenty years, I am glad to see that *The Evening Dispatch* is sufficiently interested in keeping down the operating costs of the Westchester County government to question the attitude of certified public accountants in refusing to enter into a price competition in order to secure the audit of the accounts of that county.

"I think, however, before writing such an editorial you might have consulted one or two of the many certified public accountants who reside in or near White Plains. Thus, you would have avoided an unwarranted attack upon a reputable profession.

"In your editorial you point out that competitive bidding for the work of building parkways, for furnishing materials and food supplies, for printing minutes of the supervisors and election notices and for supplies of medicines to Grasslands, is usual. You will, of course, understand that purchases from concerns dealing in readily measurable commodities or services in respect to quantities and quality may properly be obtained on a basis of competitive bidding. In contrast, the work of the public accountant cannot be measured with any degree of accuracy because the element of judgment, as in other professions, enters largely into his services. Sound judgment in accountancy can only be developed in the individual by a rigorous course of training supplemented by years of experience and, as in medicine and law, is usually sought and not bought at the lowest price. For example, the services of reputable physicians and attorneys cannot be obtained on the basis of the lowest bid.

"I trust the foregoing may be of help in making clear to you and to the public (if you care to publish this letter) the position of the public accountant in respect to price competition as affecting his profession."

A Message to Certified Public Accountants

The following communication from Clem W. Collins, president of the American Institute of Accountants, was mailed recently to all certified public accountants, other than members of the Institute, of whom the Institute has record:

"Your profession, as you well know, has been faced with more serious problems in the past five or ten years than ever before in its history.

"As these problems are solved or progress is made toward their solution the certified public accountant receives greatly increased prestige and wider recognition which results in greater opportunity for service and success.

"Conversely, failure to meet successive challenges would result in loss of prestige and more limited opportunities.

"Your state societies and your national organization constitute the only machinery through which these problems can be attacked effectively. The work of the professional organizations has greatly enhanced the standing of the profession and has definitely increased its opportunities.

"For example, the American Institute of Accountants is now working on the following matters:

Assisting state societies in their various activities, particularly in maintaining high standards for the C.P.A. certificate, holding regional meetings, etc.

Extensions of auditing procedure.

Development of accounting principles. Higher standards of professional conduct.

Federal taxation and other federal legislation.

Improvement of accounting literature.

Improvement of accounting education.

Maintenance of good relations with S.E.C., stock exchanges, bankers, credit men, the legal profession, and other groups.

Improvement of governmental accounting.

Audit standards for savings-and-loan associations.

Accounting terminology, bankruptcy, commercial arbitration, cost accounting, stock-brokerage accounting, public-utility accounting.

Improvement of the profession's public relations.

Natural business year.

"There has been recent accomplishment of benefit to the whole profession in each of these fields, as well as many others of which space does not permit a description here.

"Constructive work of this high character and far-reaching results is a tremendous opportunity. It is a challenge to every qualified man in the country to share in the obligations and in the satisfactions of contributing to this work.

"There has been no change in the requirements for admission to the Institute, set forth on the following page. The fact that these requirements are maintained increases the value of membership, which is an indication that the successful applicant has met the standards set by his fellow practitioners and has subjected himself to the rules by which the profession governs itself. Membership in the national professional society is, therefore, an important step toward fulfillment of the practitioner's obligation both to the profession and to himself.

"Among the tangible privileges of membership in the American Institute of Accountants, all of which are covered by the annual dues, are the use of the Institute's library and bureau of information, subscriptions to *The Journal of Accountancy*, *The Certified Public Accountant*, the *Yearbook*, and other publications of the Institute, such as proceedings of the annual meetings and special committee reports, through which members may keep themselves informed of current events and thought affecting the profession.

"An application form will be sent to you if you will return the enclosed post card.

"Yours sincerely,
"CLEM W. COLLINS,
President."

There was appended a summary of the requirements for admission to membership in the Institute.

Dominion Association Meeting

Clem W. Collins, president of the American Institute of Accountants, will be one of the principal speakers at the 37th annual meeting of the Dominion Association of Chartered Accountants, which will be held at the Bessborough Hotel, Saskatoon, Saskatchewan, August 21-24, 1939. Among the other speakers on the program will be George R. Freeman, F.C.A., of London, England, past president of the Institute of Chartered Accountants in England and Wales.

The cordial relationship existing between the profession in Canada and in the United States is further evidenced in an invitation extended to Mr. Collins to visit groups of accountants in Canada, as the guest of the Dominion Association, and to speak at meetings to be held in Calgary, Alberta, and Vancouver.

"Extensions of Auditing Procedure"

At a meeting of the Rhode Island Society of Certified Public Accountants held on June 20th, the report entitled *Extensions of Auditing Procedure*, prepared by the American Institute of Accountants special committee on auditing procedure and adopted by the council of the Institute, May 9, 1939, was a subject of consideration.

Those parts of the report dealing with the examination of inventories,

the examination of receivables, and the appointment of independent certified public accountants were approved. That part of the report dealing with the form of independent certified public accountant's report was approved in principle only. The short form of report was approved only as to its use in cases where the conditions of the engagement warrant it.

"The Man with the Lantern"

A member of the Institute in Indianapolis has forwarded to the office of the Institute a reprint of an article entitled "The Man with the Lantern," which was inserted in an Indianapolis newspaper by the American National Bank. Following is the text:

"Independent audits by certified public accountants have come to play a large part in American business progress. They shed valuable light on operating efficiency, credits, earnings trends, obsolescence, taxation and other factors vital to profitable operation.

"Small, as well as large, organizations can benefit by the experience and constructive suggestions of certified public accountants familiar with today's multitude of tax regulations. Their audits provide the sound and impartial viewpoint so desirable not only to company executives and boards of directors but also to banks of account.

"Whether organizing a new business or operating an established one, executives find it helpful if a capable firm of accountants is allowed a free hand, not only to devise an accounting system and make audits essential to a full picture of the enterprise, but also to check the adequacy of existing accounting methods which affect inventories, budgetary control and cost analysis. The American National Bank has observed that such audits are important aids to profitable management and to public and stockholder goodwill."

Election of Members

In the absence of protest, the president has declared elected as members and associates, respectively, fifty-two applicants whose election had been recommended by the board of examiners and approved by mail ballot. Following are the new members and associates:

ADVANCED TO MEMBERSHIP

Manfred Holck, Austin, Texas

ADMITTED AS MEMBERS

Murray J. Adelson, Detroit, Mich.
 Anthony C. Ambrose, Paterson, N. J.
 Charles J. Andersen, Chicago, Ill.
 Frank L. Arnold, Dayton, Ohio
 J. H. Asmann, Los Angeles, Calif.
 James Barringer, New York, N. Y.
 Morris M. Berman, Grand Rapids, Mich.
 John F. Block, Paterson, N. J.
 Harry R. Borthwick, Winston-Salem, N. C.
 W. E. Brunck, St. Louis, Mo.
 Fred G. Gamer, Miami, Fla.
 Gregory A. Gens, Toledo, Ohio
 Clayton J. Hauck, Chicago, Ill.
 R. Wallace Haworth, Denver, Colo.
 Halvor Knudtson, Longview, Wash.
 Joseph Y. Leveque, Los Angeles, Calif.
 Harlan B. Livengood, Indianapolis, Ind.
 Donald M. Livingston, Philadelphia, Pa.
 James K. Loughry, New York, N. Y.
 Olof Lundberg, San Francisco, Calif.
 Clarence J. Mason, Toledo, Ohio
 Ray G. McKennan, Minneapolis, Minn.
 John E. Meals, Seattle, Wash.
 Tom L. Melven, Indianapolis, Ind.
 Edward R. Miller, Paducah, Ky.
 Albert M. Niemi, Portland, Ore.
 Everett E. Pitsinger, Nashville, Tenn.
 Charles A. Reynolds, Houston, Texas
 John H. Rogers, Baltimore, Md.
 George J. Sabel, Pittsburgh, Pa.
 Bernie Slotin, Savannah, Ga.
 Elmer N. Sprengel, New York, N. Y.
 Sidney A. Stahlschmidt, New York, N. Y.

Marvin L. Strickland, Geneva, Ala.
 Lawrence D. Wilch, Denver, Colo.
 James A. Winn, Greenville, S. C.

ADMITTED AS ASSOCIATES

Joseph M. Baker, Atlanta, Ga.
 Milton U. Blancher, New Orleans, La.
 Maurice D. Clelland, San Francisco, Calif.
 Edward Fagereng, New York, N. Y.
 M. D. Fraider, Seattle, Wash.
 Potter F. Gould, Brunswick, Ga.
 Robert J. Hibbetts, Abilene, Texas
 Ernest M. Ikirt, Youngstown, Ohio
 Richard Loewe, Chicago, Ill.
 Willie Harold Read, Knoxville, Tenn.
 B. Rae Sharp, Honolulu, Hawaii
 Walter H. Sibbert, Walkerville, Ont.
 August J. Sieloff, Indianapolis, Ind.
 Walter D. Smith, Jr., Dallas, Texas
 Harry C. Visse, Portland, Ore.

Pacific Northwest Conference

The 17th annual conference of the certified public accountants of the Pacific Northwest was held at the Washington Athletic Club at Seattle, Washington, June 16th and 17th. W. Walter Williams, president of the Seattle Chamber of Commerce, delivered the address of welcome on the morning of the 16th. The afternoon was devoted to golf, and an informal dinner was held that evening.

On the morning of the 17th Dr. James K. Hall, of the University of Washington, addressed the meeting on the subject, "Some Observations on Federal Fiscal Policies." The address was followed by a round-table discussion of "Examinations of Accounts Receivable," led by Pearce Davis, of Seattle. In the afternoon Herman D. Boyer, office manager of the Jantzen Knitting Mills, delivered an address on "Internal Check and Control," and A. R. Sawtell, of Portland, Oregon, led a round-table discussion of "Examination of Inventories."

Arthur Berridge

Arthur Berridge, of Portland, Oregon, died on July 16, 1939. He was born at Canterbury, England, in 1880. He came to this country from Canada in 1901, and after spending some time as auditor for the Indianapolis Telephone Company in Indiana, he went west as auditor for the Home Telephone Company in Portland, Oregon. Mr. Berridge later opened his own office for accounting and law practice there.

He took an active interest in the promotion of the accounting profession. Mr. Berridge was a certified public accountant of Oregon and a member of the Oregon Bar. He was a charter member of the Oregon State Society of Certified Public Accountants, and served as president of the society from 1922 to 1924 and from 1930 to 1931. Mr. Berridge was one of the original appointees to the first Oregon state board of accountancy in 1913 and served on the board from that time until 1925. He was the first accounting instructor in the Oregon Institute of Technology.

A member of the American Institute of Accountants since 1928, Mr. Berridge had served on the committee on state legislation and on the special committee on coöperation with bankers.

Henry E. Spamer

Henry E. Spamer, of Baltimore, Md., died on July 13, 1939. He was born in 1884 in Baltimore and was educated in the public schools there. Mr. Spamer graduated from Pace Institute of Accountancy, Baltimore, in 1914. His accounting experience began in 1918 when he became associated with William N. Bartels in the firm of Bartels & Spamer. From 1921 to 1923 Mr.

Spamer was instructor in accountancy at the University of Maryland, and from 1920 to 1923 at the Baltimore School of Commerce and Finance. He was a member of the Maryland Association of Certified Public Accountants and a past officer of that organization. Mr. Spamer had been a member of the American Institute of Accountants since 1922.

William J. Wilson

William J. Wilson, of Philadelphia, Pa., died on July 1, 1939. He was born in Wrightsville, Pa., in 1879. Mr. Wilson received his education at the University of Pennsylvania, and became a certified public accountant in 1910. He first became associated with the late Herbert G. Stockwell in accounting practice, and for many years prior to his death had been an active partner in the firm of Wilson, Linvill & Parry. From 1919 to 1921, Mr. Wilson served as president of the Pennsylvania Institute of Certified Public Accountants, and only last month was reelected to a five-year term as trustee of the Pennsylvania Institute's endowment fund. Mr. Wilson had been a member of the American Institute of Accountants since 1911, and had served on the council from 1920 to 1925 and from 1927 to 1932, as well as on the executive committee and other committees.

State Accountancy Legislation**MASSACHUSETTS**

No further action reported on House bill 1775.

PUERTO RICO

House bill 573 which was opposed by the Puerto Rico Institute of Accountants and the American Institute of Accountants was vetoed by the governor.

Contributors to Research Department

Following is a list of contributors to the research department fund, supplementing the lists already published:

ALLEN, ABT AND COMPANY, Buffalo, N. Y.

T. COLEMAN ANDREWS & Co., Richmond, Va.

BARTON, PILIÉ, SERÉ & WERMUTH, New Orleans, La.

ROBERT W. BLACK, Baltimore, Md.

WILMER BLACK, Baltimore, Md.

MYRON J. BOEDEKER, New York, N. Y.

BOULAY, ANDERSON, WALDO & Co., Minneapolis, Minn.

HUGH L. DICKERSON, Richmond, Va.

ARTHUR S. DRIVER, Columbus, Ohio

HATTER AND MACNAB, Baltimore, Md.

W. C. HEATON AND COMPANY, New York, N. Y.

EARL L. HOGARD, Tulsa, Okla.

ELLIOT B. HUGHES, Boston, Mass.

JAMES W. HUNT, Columbia, S. C.

HORACE S. IRVING, Milwaukee, Wis.

D. V. JOHNSTON, Philadelphia, Pa.

EDWARD P. LAUTEN, Chicago, Ill.

LESTER D. MAPES, New York, N. Y.

NILES & NILES, New York, N. Y.

ADAMS RHODES, Boston, Mass.

RHYNE, PRIAULX & BEAIRSTO, New York, N. Y.

CHARLES S. ROCKEY & Co., Philadelphia, Pa.

DAVID M. FILLMAN

WILLARD R. GINDER

HERBERT R. HEMMING

FORREST B. LONG

CHARLES S. ROCKEY

ALEXANDER H. WATT

WILLIAM H. WELCKER

SIDNEY V. YOUNG

RUCKSTELL & LAND, San Francisco, Calif.

CARDEN S. SHEKELL, Detroit, Mich.

STEWART, WATTS & BOLLONG, Boston, Mass.

SWERINGEN & SWERINGEN, Cleveland, Ohio

O. H. TUFTS, Lynchburg, Va.

HERBERT VASOLL, New York, N. Y.

Natural Business Year

The advantages of the natural business year are pointed out in a general statement on the subject prepared by Francis E. Ross, of Detroit, Michigan, chairman of the American Institute of Accountants special committee on natural business year, with the cooperation of the Institute's staff. The statement was distributed to financial editors of newspapers in the United States in the latter part of June and early in July. Clippings received up to the time this magazine went to press indicate that the statement has been published by newspapers in the District of Columbia, Michigan, New Jersey, New York, Ohio, and South Carolina. Following is the statement as it appeared in the *Washington (D.C.) Post*:

"American business and industrial corporations in increasing numbers are studying the advantages of the natural fiscal year basis of accounting which was in almost universal use in the United States prior to 1909. Many companies are giving up the calendar-year basis and are realizing the economies and other advantages which result from keeping their books of account and preparing their annual statements for natural seasonal years ending at those dates when inventories, receivables, and liabilities are normally at their low points.

"This was the declaration here today of Francis E. Ross, of Detroit, chairman of the special committee on natural business year of the American Institute of Accountants, in making public the results of studies made jointly by the American Institute of Accountants, the Natural Business Year Council, and the research and statistical division of Dun & Bradstreet.

"'The natural business year of an enterprise,' Ross explained, 'is that period of twelve consecutive months which ends when the business activities

of that enterprise have reached the lowest point in their annual cycle; that is, at the time when receivables, inventories, and liabilities are normally at their lowest point in the year.

"More than 8,000 corporations changed to the natural fiscal year basis of accounting from the calendar-year basis in the three years ending last May," added Chairman Ross. The great majority of corporations, he said, still close their books at the end of the calendar year on December 31st, many of them 'under the mistaken idea that present tax laws compel them to keep their accounts on the calendar year basis.'"

Visitors at Institute Offices

The following visitors from out of town have called at the offices of the Institute in recent weeks:

H. L. Adams, Buffalo, N. Y.
 T. Coleman Andrews, Richmond, Va.
 Parry Barnes, Kansas City, Mo.
 Horace C. Burton, Hartford, Conn.
 Adolph A. Calegari, San Francisco, Calif.
 Philip Colleck, London, England
 Kenneth G. Colley, London, England
 Earnest Eddy, Long Beach, Calif.
 Milton A. Feldmann, Milwaukee, Wis.
 John E. O. Feller, Canton, Ohio
 H. A. Finney, Chicago, Ill.
 J. Gibson, Birmingham, Ala.
 William B. Isenberg, Detroit, Mich.
 Lincoln G. Kelly, Salt Lake City, Utah
 John J. Lang, St. Louis, Mo.
 H. William Larson, Boston, Mass.
 Sam A. Marsh, St. Louis, Mo.
 Harold E. Nelson, St. Paul, Minn.
 Herman J. Olt, Chicago, Ill.
 N. H. Routley, Sidney, Australia
 Lyle R. Sproles, Fort Worth, Texas
 William H. Thomson, Jr., Elizabeth, N. J.
 Clarke W. Thornton, Kansas City, Mo.
 Edwin H. Wagner, St. Louis, Mo.
 Earl A. Waldo, Minneapolis, Minn.

Personnel of State Boards of Accountancy

Since publication of the 1938 *Year-book*, the office of the Institute has received notice of changes in the personnel of a number of state boards of accountancy. Following is the present personnel of the state boards which have sent notice of such changes:

ARIZONA STATE BOARD OF ACCOUNTANCY

Stuart M. Bailey, *president*, 401 Title & Trust Bldg., Phoenix.
 E. J. Hilkert, *secretary*, 401 Title & Trust Bldg., Phoenix.
 A. W. Crane, *treasurer*, Heard Bldg., Phoenix.
 Thomas J. Elliott, Valley National Bldg., Tucson.
 Dixon Fagerberg, Jr., Luhrs Bldg., Phoenix.

FLORIDA STATE BOARD OF ACCOUNTANCY

Rex Meighen, *chairman*, Maas Office Bldg., Tampa.
 Robert Pentland, Jr., *secretary*, Security Bldg., Miami.
 D. A. Smith, 1412 Barnett Bldg., Jacksonville.
 Leonard Abess, First National Bank Bldg., Miami.
 Joseph Hartman, 403 Bisbee Bldg., Jacksonville.

IDAHO:

DEPARTMENT OF LAW ENFORCEMENT

Harry M. Rayner, *commissioner*, State House, Boise.

IDAHO BOARD OF C.P.A. EXAMINERS

W. J. Wilde, University of Idaho, Moscow.
 M. T. Deaton, Pocatello.
 Louis F. Diehl, Boise Business University, Boise.

STATE BOARD OF CERTIFIED ACCOUNTANTS OF INDIANA

Edward P. Brennan, *president*, 306 State House, Indianapolis.

Edward D. Farmer, *secretary*, 305 State House, Indianapolis.

Otto K. Jensen, *treasurer*, 305 State House, Indianapolis.

MICHIGAN STATE BOARD OF ACCOUNTANCY

Laurence H. Fish, *chairman*, Fidelity Bldg., Benton Harbor.

Frank E. Seidman, *vice-chairman*, Peoples National Bank Bldg., Grand Rapids.

Robert P. Briggs, *secretary*, 203 State Savings Bank Bldg., Ann Arbor.

John J. Sloan, *counsel*, 1717 Dime Bank Bldg., Detroit.

Luren D. Dickinson, *Governor*, Lansing.

NORTH DAKOTA STATE BOARD OF ACCOUNTANCY

William M. Schantz, *president*, Bismark.

Arthur Blegen, *secretary-treasurer*, 412 Black Bldg., Fargo.

F. L. Castle, Grand Forks.

TENNESSEE STATE BOARD OF ACCOUNTANCY

N. H. Craig, *president*, 1501 General Bldg., Knoxville.

R. C. Clark, *vice-president*, 875 Shrine Bldg., Memphis.

Fred G. Page, *secretary*, 407 American Trust Bldg., Nashville.

B. B. Gullett, *attorney*, Nichol Bldg., Nashville.

John I. Foster, 440 Volunteer Bldg., Chattanooga.

James A. Matthews, 7th Floor, Manhattan Bank Bldg., Memphis.

E. E. Pitsinger, Third National Bank Bldg., Nashville.

STATE BOARD OF PUBLIC ACCOUNTANCY OF TEXAS

Clifton H. Morris, *chairman*, 1205 Fair Bldg., Fort Worth.

John B. Allred, *secretary*, 612 City National Bldg., Wichita Falls.

H. V. Robertson, 914 Oliver-Eagle Bldg., Amarillo.

F. G. Rodgers, 703 Alamo National Bldg., San Antonio.

O. H. Maschek, 514 San Jacinto Bldg., Beaumont.

UTAH DEPARTMENT OF REGISTRATION

G. V. Billings, *director*, State Capitol Bldg., Salt Lake City.

J. P. Goddard, 823 McIntyre Bldg., Salt Lake City.

Seymour Wells, 409 Kearns Bldg., Salt Lake City.

Wilford A. Beesley, 609 First National Bank Bldg., Salt Lake City.

WASHINGTON STATE ACCOUNTANCY EXAMINING COMMITTEE

Don S. Griffith, 555 Skinner Bldg., Seattle.

P. R. Strout, 445 Henry Bldg., Seattle.

E. C. Daniels, Symons Block, Spokane.

Meetings and Elections

Georgia Society of C.P.A.'s

Date: May 26 and 27, 1939. Annual Meeting.

Place: Macon.

Elections: President—Stephen B. Ives, of Atlanta.

Vice-presidents—Sidney T. Lee, of Savannah; Walter H. Lynch, Jr., of Atlanta; Albert L. Norris, of Macon; Thomas M. Weber, Jr., of Atlanta, and S. M. Welborn, Jr., of Columbus.

Secretary—L. E. Campbell, of Emory University.

Treasurer—T. S. Mauldin, of Atlanta.

Librarian—Embry M. Kendrick, of Atlanta.

Savannah Chapter

Date: May 23, 1939. Annual Meeting.

Elections: President—Sidney T. Lee.

First vice-chairman—Bernie Slotin.

Second vice-chairman—Potter F. Gould.

Secretary-Treasurer—Eugene E. Behnken.

Kentucky Society of C.P.A.'s

Date: June 29, 1939. Annual Meeting.

Place: Louisville.

Elections: President—Clifton R. Escott, of Louisville.

First vice-president—Espy Bailey, of Covington.

Second vice-president—Mrs. Helen H. Fortune, of Lexington.

Secretary-Treasurer—L. I. Boone, of Louisville.

Missouri Society of C.P.A.'s

Date: June 9, 1939. Annual Meeting.

Place: Kansas City.

Elections: President—John J. Lang, of St. Louis.

First vice-president—Harry L. Stover, of Kansas City.

Second vice-president—William Charles, of St. Louis.

Secretary—A. J. Benner, of St. Louis.

Treasurer—F. G. Buenger, of Kansas City.

St. Louis Chapter

Date: May 26, 1939. Annual Meeting.

Elections: President—William L. Hausman.

First vice-president—Harold C. Fechner.

Second vice-president—Henry C. Helm.

Secretary—Edwin H. Wagner, Jr.

Treasurer—M. Guy Hardin.

Oregon State Society of C.P.A.'s

Date: June 14, 1939. Annual Meeting.

Place: Portland.

Elections: President—Virgil G. DeLap, of Portland.

Vice-president—Albert M. Niemi, of Portland.

Secretary—Herbert Retzlaff, of Portland.

Treasurer—T. H. Carstensen, of Portland.

Pennsylvania Institute of C.P.A.'s

Philadelphia Chapter

Date: May 24, 1939.

Elections: Chairman—C. Whitford McDowell.

Vice-chairman—Frank S. Glendening.

Secretary—Edwin Warren Hart.

Treasurer—Lewis J. Laventhol.

Auditor—Lee K. Carr.

Washington Society of C.P.A.'s

Seattle Chapter

Date: June 9, 1939.

Elections: President—R. C. Mounsey.

Vice-president—J. Lindsay Cook.

Secretary-Treasurer—C. A. Andrews.

Auditor—Earl W. Costello.

Wisconsin Society of C.P.A.'s

Milwaukee Chapter

Date: May 24, 1939. Annual Meeting.

Elections: Chairman—H. L. Kunze.

Vice-chairman—Leo A. Schmidt.

Secretary-Treasurer—P. M. Gahagan.

Northern Wisconsin Chapter

Date: May 15, 1939.

Place: Appleton.

Elections: Chairman—Edwin A. Dettman.

Vice-chairman—J. L. Tibbetts.

Secretary-Treasurer—J. P. Burns.

Announcements

Edwin D. Frost announces the opening of accounting offices at 110 E. 42nd St., New York, N. Y.

Grover & Grover announce a change in their firm name to Grover, Pedrizetti & Company with offices in the Sellwood Bldg., Duluth, Minn.

Charles C. Link announces the removal of his office to room 1303, 55 Liberty St., New York, N. Y.

Thomas M. O'Neill & Co. announce the removal of their offices to Lewis Tower, 225 South Fifteenth St., Philadelphia, Pa.

Perkins & Company announce the removal of their offices to 711 St. Charles St., St. Louis, Mo.

Prankard & Zimmermann announce the resumption of practice, with offices at 55 Liberty St., New York, N. Y., and 111 Devonshire St., Boston, Mass.

Francis C. Thomas announces the opening of offices in the Commercial Exchange Bldg., 416 W. Eighth St., Los Angeles, Calif.

Marjorie G. S. Waters, Chester C. Waters, and Hardin C. Waters announce the removal of their offices to 2062 Marshall Ave., St. Paul, Minn.

James A. Winn announces the formation of a partnership with his son, John C. Winn, under the firm name of Winn and Winn, with offices at 309-311 Masonic Temple Bldg., Greenville, S. C.

Raymond S. Blunt, of Chicago, Ill., recently addressed the Builders Tee Club on the subject, "Taxation—Everybody's Vexation."

Dixon Fagerberg, Jr., of Phoenix, Ariz., recently addressed the Board of Governors of the Arizona Department of Mineral

Resources on the subject of "Economic and Taxation Statistics of Arizona's Basic Industries."

B. Bernard Greidinger, of New York, N. Y., is the author of a book entitled, *Accounting Requirements of the Securities and Exchange Commission for the Preparation of Financial Statements by Independent Public Accountants*, published in June. He is also the author of an article on "S.E.C. Accounting Requirements," which appeared in the *Accounting Forum* for May, 1939.

Ernest H. Griswold, of Boston, Mass., has been elected president of the Waltham, Mass., Rotary Club.

Frederick D. Lehn, of New York, N. Y., is the author of an article entitled, "Principles and Methods of Measuring Office Activities," published in the May 15th issue of the N.A.C.A. Bulletin.

William F. Lofin, of Columbus, Ga., has been elected district governor of district 18C, Georgia Lions Club.

Julius J. Rauh, of New York, N. Y., is the author of an article entitled "The New York State Tax on Unincorporated Business," which appeared in the June issue of *Taxes—The Tax Magazine*.

Henry Roeser, Jr., of Ocean City, N. J., has been appointed director of revenue and finance, City of Ocean City, N. J.

Frank E. Seidman, of Grand Rapids, Mich., recently addressed the 44th Annual Credit Congress of the National Association of Credit Men at Grand Rapids on the subject of "Current Federal Tax Developments." Mr. Seidman also addressed the Kiwanis Club of Grand Rapids on "The Furniture Industry," and the Grand Rapids Association of Commerce on "The New Michigan Intangible Tax."

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of The American Institute of Accountants

SEPTEMBER 1939

VOL. 19 • No. 9

Rule 13

Examinations

Annual Meeting

Federal Tax Revision

State Society Membership

Meetings and Elections

Announcements

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1939

NO. 9

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Officers 1938-1939

THE AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

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THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of The American Institute of Accountants

State Society Membership

DURING the past few years much has been done to coördinate the activities of the state societies of certified public accountants and of the national organization, the American Institute of Accountants. Many national problems with which the Institute is concerned have their local counterparts which are the primary responsibility of the accredited state organizations. Continuous exchange of information and deliberately planned coöperative action are needed to bring to full effectiveness the programs of both the local and the national organizations. This could best be accomplished if all members of the national organization were also active members of their state societies and all members of state societies were active members of the national organization.

State society officers have done much to encourage their members to join the Institute, and similarly the Institute has encouraged its members to affiliate with their state groups. Yet, the latest available information indicates that a substantial proportion of the members of the Institute are not members of a state society. The societies in which they properly belong would gain by having their active support, but the gain of the individual through joining and participating in the society's activities would be much greater. Many as are the services rendered by the Institute to its members, it can offer no substitute for the benefits which the state society member receives from continuous association with his fellow practitioners—his coöperation with them in the solution of those problems which affect the practice of his profession in his own locality and the good fellowship of society and chapter meetings. Nor can the national organization fully attain its own proper ends unless its members are in a position, as state society members, to carry the Institute's program into each part of the country.

The Advisory Council and the Institute

BY EDWARD B. WILCOX

President, Advisory Council of State Society Presidents

ONE OF the aspects of problems of state societies of certified public accountants is the difficulty in steering the wise middle course between hasty and ill-considered action on the one hand and such conservatism on the other as amounts to stagnation and decadence. It is my growing opinion that a guide to the middle course lies in close coöperation with the American Institute of Accountants. This course seems to me particularly appropriate in view of the desirability in these times that the accounting profession present a united front to the public. This united front is not only in the interests of accountants, but is in the public interest as well.

Several years ago, the Institute invited presidents of state societies to form an Advisory Council. Members of this Advisory Council are now invited to attend the spring meeting of the council of the Institute, and the regular annual meetings of the Advisory Council are scheduled to coincide with the annual meetings of the Institute. The Advisory Council is to be required to make a report to the council of the Institute at each annual meeting. The article in the by-laws of the Institute creating the Advisory Council states that it shall consider matters submitted to it from time to time by the council, and in its discretion shall make recommendations to the council of the Institute. The Advisory Council appears to be adopting as its general purpose the creation of a forum for the full discussion of proposals originating in state societies. The advantage to this procedure is that every state is represented in the Advisory Council, and that its time is available for full discussion to an extent greater than the available time of the council of the Institute. Matters which are brought before the Advisory Council and which meet with its approval may be recommended to the council of the Institute, and the recommendation of the Advisory Council will insure that such matters will receive careful attention.

The annual meeting of the American Institute of Accountants will begin on Monday, September 18th, on which day the Advisory Council will meet. . . . I wish to urge members of the Illinois Society to remember that this opportunity to be represented before the national professional organization exists, and further to urge that the members be prepared to instruct their representative as to any matters which they wish him to take up on behalf of the Society.

NOTE.—Reprinted from the president's column of the *Bulletin* of the Illinois Society of Certified Public Accountants.

The American Institute of Accountants

Annual Meeting

Shortly after this issue appears the fifty-second annual meeting of the American Institute of Accountants will have begun at the Fairmont Hotel, San Francisco. A large attendance is expected and everything points to the success of the meeting.

Since publication of the last issue of this bulletin, Edward J. Noble, Under Secretary of Commerce; Jean Witter, president of the Investment Bankers Association, and W. H. Thompson, president of the Anglo-California National Bank, have accepted invitations to speak at the meeting. Mr. Noble will speak at the annual banquet, Mr. Witter will address the opening session, and Mr. Thompson will represent the Robert Morris Associates in discussing what is expected of the auditor, from the viewpoint of the commercial banker. As previously announced, Philip A. Benson, president of the American Bankers Association, also will address the opening session of the meeting.

The subjects for discussion will include: internal conduct of an accounting practice; extension of accounting practice; whose balance-sheet is it; inventories; municipal accounting; detection of fraud by independent auditors; new tax legislation and administration; coördinated decentralization; progress in accounting research; audits from the viewpoint of the investor, the banker, and management; extensions of auditing procedure to meet new demands; the liability of the independent auditor. The problems of

state societies and of state accountancy examiners will also be discussed. Guest speakers include a vice president of the New York Stock Exchange, the chief accountant of the Securities and Exchange Commission, the legislative counsel of the Treasury Department, a representative of the Controllers' Institute of America, and other prominent men from outside the profession will participate in the program.

Of particular interest will be the round-table sessions in which members of the Institute and others will discuss technical problems arising in practice. The principal emphasis at the meeting this year will be on problems of auditing, as it was last year on problems of accounting theory.

Every effort has been made to provide for the entertainment of members and their guests during the meeting. There will be one full day during which there will be no formal sessions, leaving members free to participate in golf and tennis tournaments, visit the Golden Gate International Exposition, or seek other forms of recreation. There will, however, be round-table sessions on this day for those who prefer to devote their time to discussion. A special program offering varied entertainment has been prepared for the benefit of ladies attending the meeting.

It is expected that the technical papers presented at the meeting will again be published in a book of proceedings. These plans will be reported in further detail in a subsequent issue.

Rule 13

Rule 13 of the Institute's rules of professional conduct, which was adopted by the council of the Institute at its meeting on September 26, 1938, becomes effective on September 16, 1939. This rule is as follows:

"After September 16, 1939, no member or associate of the Institute shall be an officer, director, stockholder, representative or agent of any corporation engaged in the practice of public accounting in any state or territory of the United States or the District of Columbia."

Institute President Attends Canadian Meetings

Taking "Accounting in the Public Interest" as his subject, Clem W. Collins, president of the American Institute of Accountants, addressed three groups of Canadian chartered accountants in August. On the 24th, he spoke at the thirty-seventh annual meeting of the Dominion Association of Chartered Accountants at the Bessborough Hotel in Saskatoon.

Mr. Collins also addressed a luncheon meeting of local members of the Institute of Chartered Accountants of Alberta at Calgary on August 26th. Three days later, he was the guest and principal speaker at a meeting of Vancouver members of the Institute of Chartered Accountants of British Columbia.

Stressing the fact that one of the tests of a profession is its code of ethics, Mr. Collins expressed the belief that few, if any, professions have higher standards than those stated in the rules of professional conduct of the Canadian and American accountants' societies. He added:

"The rules adopted are not merely concerned with relationship of ac-

countants to each other and with their clients, but especial emphasis is put upon the accountant's responsibility to those in whose behalf his reports are rendered."

Mr. Collins also said:

"The accountancy profession, whether it be in your country or mine, does not claim to be perfect. It believes that its methods, which have stood the test of time and experience, are fundamentally sound, but if in the light of study and review it is found its methods may be improved, the profession may be relied upon to make those improvements."

Mr. Collins brought to mind the continued cordial relations between Canada and the United States, and advanced the belief that the friendship between the two will come in time to have a salutary effect upon the whole world.

"Peace will come eventually to the whole world," said Mr. Collins, "because the democracies, with moral right and sound common sense on their side, will it so."

President Makes Radio Addresses

Clem W. Collins, president of the American Institute of Accountants, on August 5, 1939, delivered an address over radio station KLZ, of Denver, Colo., on the subject of "What Can Be Done to Improve the Unfriendly Relations between Government and Business." This was the fourth of a series of talks which Mr. Collins gave over the same station. On July 1st he spoke on "The Public's Responsibility in Matters Pertaining to Accounting," on July 10th he spoke on "The Accountant's Responsibility," and on July 15th his subject was "The Certified Public Accountant's View of Some Recent Legislation Affecting Business."

Examinations

The regular fall examinations of the American Institute of Accountants will be held on November 16th and 17th, and coöperating state accountancy boards will hold simultaneous sessions. Following is the schedule of examinations:

THURSDAY, NOVEMBER 16, 1939

9:00 A.M. to 12:30 P.M. Auditing.

1:30 to 7:30 P.M. Accounting theory and practice. Part I.

FRIDAY, NOVEMBER 17, 1939

9:00 A.M. to 12:30 P.M. Commercial law.

1:30 to 7:30 P.M. Accounting theory and practice. Part II.

Municipal Auditing Act of 1939

The Connecticut Society of Certified Public Accountants issued in July a booklet entitled *Municipal Auditing Act of 1939*. The booklet contains a prefatory statement on the municipal auditing act of 1939, the text of the act itself (Senate bill No. 982), a roster of members of the Society, and the Society's rules of professional conduct. The prefatory statement is quoted below:

"The Municipal Auditing Act of 1939 was approved by Governor Baldwin on May 22, 1939. It provides that all municipalities of the state shall be audited at least annually in the case of counties, cities, towns, boroughs and the Metropolitan District of Hartford County and at least every two years in the case of school, sewer, and fire districts. Such audits must be performed by 'independent public accountants,' except in the case of a municipality whose average annual receipts from taxation during the three years preceding shall not exceed \$50,000, in which event such municipality may elect to request the state tax commissioner to conduct such audit, instead of engaging

independent public accountants. In either case, the cost of the audit shall be borne by the municipality.

"The act defines 'independent public accountant' as 'any practising public accountant or firm of public accountants which has practised or engaged in public accounting as a regular vocation for a period of at least three years, such a public accountant to be independent in fact and not have any connection as an employee or official of the municipality engaging the services of such individual or firm.'

"Several states restrict the practice of public accountancy to registered practitioners. However, Connecticut statutes afford no protection to the public with respect to those who practice as public accountants, but who have not passed the state examination for a certified public accountant certificate or have had such certificate suspended or revoked. The public is warranted in relying on certified public accountants as being qualified and experienced practitioners. Such accountants are amenable to the state board of accountancy and may lose their certificates for cause, either by suspension or revocation. All states of the Union have C.P.A. laws; the C.P.A. law in Connecticut having been on the statute books since 1907. This statute provides for a state board of accountancy, which holds examinations semiannually. These examinations are rigid, cover four sessions held on two consecutive days and embrace the subjects of auditing, accounting theory and practice, and commercial law.

"Most of the practising certified public accountants of the state are members of the Connecticut Society of Certified Public Accountants and many of them are members of the national organization, the American Institute of Accountants. Both the Connecticut Society and the American Institute have strict rules of professional conduct, which must be observed by the members in order to continue such membership."

Second Accounting Clinic at Harrisburg

Harrisburg chapter of the Pennsylvania Institute of Certified Public Accountants will hold its Second Accounting Clinic at Pennsylvania State College on Friday and Saturday, October 20th and 21st.

Preliminary arrangements for the clinic were discussed at a meeting of the plans committee held at Harrisburg on August 8th.

Irving Yaverbaum of Harrisburg is chairman of the plans committee, and Professor Charles J. Rowland, head of the accounting department at State College, is co-chairman. Mr. Yaverbaum presided at the Harrisburg meeting, where it was announced that the other chapters of the Pennsylvania Institute, those in Philadelphia, Pittsburgh, and Scranton, will cooperate in the clinic program.

Active interest in the clinic on the part of the Pennsylvania Institute itself was pledged at the meeting by A. Karl Fischer of Philadelphia, president of the Institute. The American Institute of Accountants also is cooperating in clinic plans and its assistant secretary, Frank A. Gale, attended the plans session.

One of the speakers at the Second Accounting Clinic will be Norman J. Lenhart of New York. He is expected to address the clinic on the morning of Saturday, October 21st, on the subject, "To What Extent May Usual Auditing Procedures be Relied upon for the Detection of Fraud?" Other subjects to be taken up at the clinic will include auditing procedures and state and federal taxation.

The plans committee has announced that registration at the Second Accounting Clinic will be open to all certified public accountants, and to all

business executives, bankers, credit men, members of the bar, and others who may be interested. Accounting students also will be welcomed at the sessions, and a special effort will be made to enrol a maximum number of younger practitioners representing accounting firms in Pennsylvania and neighboring states. In addition, the plans committee will urge accounting executives of corporations in Pennsylvania to make it possible for members of their staffs to attend the clinic.

Federal Tax Revision

John W. Hanes, Under Secretary of the Treasury, has invited the American Institute of Accountants, as well as other groups and individuals in business, to submit suggestions on the basis of which the federal revenue code may be further revised, and the Institute's committee on federal taxation is prepared to submit its recommendations at the first opportunity.

On September 9th after days of intensive activity, the committee mailed to members of council of the Institute and to officers of state societies and society chapters a printed draft of its recommendations. This draft will be considered by the council at its meeting at the time of the annual meeting of the Institute, and it is expected that shortly thereafter the committee's final recommendations will be submitted to the Congressional committees and Treasury officials concerned with the matter.

Members of the Institute who expect to transmit their own suggestions to the Treasury or to Congress are requested to do so through the medium of the Institute's committee on federal taxation. The committee is eager to receive suggestions from all sources so that its own recommendations may be truly representative of the views of the profession.

A Message to Certified Public Accountants

In the time that elapsed since mailing to certified public accountants the message of the president of the American Institute of Accountants, which was quoted in the August issue of this bulletin, there had been received 470 requests for applications for membership as this issue went to press.

Registration of Partnerships

At the last session of the New York legislature there was enacted a law requiring registration of all partnerships in which persons "carry on or conduct or transact business" in the state. It has not as yet been determined whether or not partnerships for the practice of public accounting are subject to the new law. The New York State Society of Certified Public Accountants on September 1st sent the following letter regarding this matter to each of its members:

"To the Members:

"Your attention is called to an amendment to the penal law and the civil practice act in relation to filing certificates of partnerships which became law on May 24, 1939.

"The law, which is printed in full on the reverse side of this letter, provides that no persons shall hereafter carry on or conduct or transact business in this state as partners under a partnership agreement unless a certificate setting forth the name under which the business is transacted and the names of all partners with their residence and business addresses shall have been filed with the county clerk.

"Partnerships existing on September 1, 1939, shall file such certificates within six months after that date and thereafter before conducting business as partners, all persons shall file such certificates with the county clerk.

"In answer to a request to define

the status of accountants under this law, the office of the Attorney General of the State of New York has advised as follows:

' . . . allow me to advise that determination of what constitutes a violation thereof, or what definite scope the act has, is not for me but for the courts. The law itself refers to all partnerships in which persons "carry on or conduct or transact business" (440-B, par. 1).

'It would, however, strike me as the exercise of a wise discretion for partnerships in the practice of public accountancy to comply with the statute.'

"Information concerning this law is sent to the membership in order that they may know of the existence of the law and may file a certificate within the required time if they consider, or their counsel advises that accounting partnerships are in 'business' within the meaning of that word as used in this law.

"Very truly yours,
G. CHARLES HURDMAN
Secretary."

State Boards of Accountancy

The following changes in personnel of state boards of accountancy have occurred recently:

IOWA BOARD OF ACCOUNTANCY

L. H. Keightley, *chairman*, 610 Davidson Bldg., Sioux City.

Fred J. Peterson, *secretary-treasurer*, 1036 Des Moines Bldg., Des Moines.

M. E. Brooks, 311 Bank and Insurance Bldg., Dubuque.

RHODE ISLAND STATE BOARD OF ACCOUNTANCY

William H. Segur, *chairman*, 2400 Industrial Trust Bldg., Providence.

Chester R. Union, *secretary*, 15 Westminster St., Providence.

Abraham Blackman, *treasurer*, 1209 Industrial Trust Bldg., Providence.

Scholarship Prizes

The board of examiners has awarded the Elijah Watt Sells gold medal for first prize in the May, 1939, examinations to Russell Wm. Laxson, of Chicago, Ill.

The silver medal for second prize was awarded to Charles J. Anthony, of Dallas, Tex. Ralph C. McKibbin, of Wichita, Kan., received honorable mention.

These three men received the highest grades among approximately 700 candidates who sat for the Institute's examinations last May before coöperating state boards.

Annual Meeting of Tennessee Society of C.P.A's

An address by George P. Ellis of Chicago on "Audit Procedure and Accountants' Responsibility" and a round-table discussion on the same subject were among the high points of interest at the eighth annual meeting of the Tennessee Society of Certified Public Accountants held on August 25th and 26th at the Lookout Mountain Hotel, Chattanooga. Registration at the meeting passed the one hundred mark.

The newly elected president of the Tennessee Society is Harry F. Hinderer of Johnson City, who succeeds John T. Menefee of Chattanooga. The other new officers are W. D. Burke of Memphis, vice president; H. B. Crump of Nashville, secretary, and Carl A. Swafford, of Chattanooga, treasurer. The officers were chosen at a meeting of the council of the society held on Saturday afternoon, August 26th.

Honorary membership was conferred upon Mr. Ellis, Durand W. Springer, who has attended every meeting of the Tennessee Society with the exception of the one just held, and B. B. Gullet of

Nashville, attorney member of the Tennessee state board of accountancy.

At a dinner which brought the meeting to a close on Saturday evening, Mr. Ellis spoke extemporaneously on the subject of the need of the world for a return to principles of coöperation and decency. He pointed to the obligation of the accountant to help in the world's problems. On the same occasion, Mr. Hinderer spoke briefly in his capacity as newly elected president. There were brief remarks by Arthur C. Upleger, of Waco, past president of the Texas Society of Certified Public Accountants; James A. Matthews, of Memphis; and Frank A. Gale, assistant secretary of the American Institute of Accountants, who also spoke immediately after the Tennessee Society luncheon Saturday.

It was announced at the meeting by Harry M. Jay, of Memphis, that his chapter will make an effort to have its city designated as the 1940 meeting place of the American Institute. Stephen B. Ives of Atlanta, president, and Brooks Geoghegan of Atlanta, immediate past president, of the Georgia Society of Certified Public Accountants, were guests at the Chattanooga sessions and announced that Atlanta is also planning a campaign to have that city designated by the American Institute as its 1940 meeting place.

Government Accounts

An address entitled "The Accounting System of the United States," which was presented by E. F. Bartelt, commissioner of accounts and deposits of the Treasury Department, at the Middle Atlantic States Accounting Conference held at Richmond, Virginia, June 16th and 17th, is now available in mimeographed form. Anyone desiring a copy should write to the secretary of the American Institute of Accountants.

Contributors to Research Department

Following is a list of contributors to the research department fund, supplementing the lists already published:

ROY G. ABBEY, Salt Lake City, Utah
ROBERT W. AGLER, Cleveland, Ohio
ANCHIN, BLOCK & ANCHIN, New York, N. Y.

JULIUS J. EPSTEIN
WILLIAM B. BARRETT, New York, N. Y.

JOHN S. BIGGS, Washington, D. C.
WILLIAM BLACKIE, Chicago, Ill.
F. GORDON BLACKSTONE, New York, N. Y.

ROBERT L. BRADLEY, Lenoir, N. C.
JOSEPH K. BRELSFORD, Topeka, Kan.
DANIEL A. BROPHY, Chicago, Ill.
FREDERICK M. BRUELL, New York, N. Y.

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SAMUEL L. EPSTEIN, New York, N. Y.
E. S. EVANS, Lima, Ohio
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JEROME I. GOLINKO, New York, N. Y.
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HAROLD B. HART, New York, N. Y.
HARTMAN, ANDORFER & KOENEMAN, Fort Wayne, Ind.

HIFNER AND FORTUNE, Lexington, Ky.
LAWRENCE D. HINMAN, Enid, Okla.

HUGH G. HUMPHREYS, Tulsa, Okla.
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JAMES S. MATTESON, Duluth, Minn.

RALPH B. MAYO, Denver, Colo.
IRA T. MCGLONE, Terre Haute, Ind.

JOHN L. MCKEWEN, Baltimore, Md.
FREDERICK L. MEAD, Camden, N. J.

DAVID L. MILNE, New York, N. Y.
GUSTAVE O. MORTENSON, Newark, N. J.

SAMUEL L. MOSS, Detroit, Mich.
R. C. MOUNSEY, Seattle, Wash.

L. CLIFFORD MYERS, Williamsport, Pa.
J. H. NANCE, Dallas, Texas

CHARLES C. NORTH, Monroe, La.
WILLIAM F. PACKER, Warren, Ohio

PENTLAND, PURVIS, KELLER AND MILTON, Miami, Fla.

WILLIAM PESMEN, Kansas City, Mo.
R. M. ROBERTS, Cleveland, Ohio

JOSEPH H. RYAN, Newark, N. J.

MILBURN M. SARTIN, Omaha, Neb.
CHARLES W. SAUSSY, Savannah, Ga.
SAWTELL, GOLDRAINER & Co., Portland, Ore.

SCHOLEFIELD, WELLS & BAXTER, Salt Lake City, Utah

SELSBERG & BAYARD, Boston, Mass.

HARRY F. SHEA, Chicago, Ill.

WALTER D. SNELL, Oklahoma City, Okla.

IRWIN C. SNYDER, Pittsburgh, Pa.

J. BRYAN STEPHENSON, Albuquerque, N. M.

WILLIAM E. STEVENS, Lenoir, N. C.

MICHAEL G. STRATTON, New York, N. Y.

LYMAN H. STUART, Los Angeles, Calif.

FELIX T. TERRY, Houston, Texas

TURNER, CROOK AND ZEBLEY, Philadelphia, Pa.

HERBERT A. WHEELER, Los Angeles, Calif.

EDWARD R. ZANE, Greensboro, N. C.

of Minnesota and a member of the Minnesota Society of Certified Public Accountants. He had been a member of the American Institute of Accountants since 1937.

Arthur Wilmott

Word has just been received at the Institute offices of the death last May of Arthur Wilmott, of Brooklyn, N. Y. Mr. Wilmott was born in London, England, in 1870. Mr. Wilmott was educated in the public schools of Brooklyn. He was a certified public accountant of New York and Ohio, and a member of the New York State Society of Certified Public Accountants and of the Ohio Society of Certified Public Accountants. Mr. Wilmott was in public accounting practice, under his own name, from 1907 until the time of his death. He had been a member of the American Institute of Accountants and its predecessor organizations since 1909.

Harold S. Rock

Harold S. Rock, of Minneapolis, Minn., died May 5, 1939, at the age of 37. Mr. Rock received the degree of bachelor of science in business from the University of Minnesota in 1924 and the master of arts degree in 1925. From 1927 to 1935 he was senior accountant and partner in the firm of Walter Nold & Co., Minneapolis, Minn., and during the same time, he was part time instructor and assistant professor in accounting at Hamline University, St. Paul. For a period of a year and a half, Mr. Rock held the position of examiner with the Reconstruction Finance Corporation in Minneapolis. He resigned this position to enter into practice on his own account under the firm name of H. S. Rock & Co. Mr. Rock was a certified public accountant

Martin G. Wolf

The Institute has just received word of the death last February of Martin G. Wolf, of West Reading, Pa. Mr. Wolf was born on April 13, 1884, in St. Louis, Mo., and was educated in the public schools there. He studied accounting at Pace and Pace school in St. Louis. Mr. Wolf's accounting experience began in 1916 when he joined the firm of Touche, Niven & Co., in New York, with whom he was associated for a number of years. Mr. Wolf was a certified public accountant of New York and had been a member of the American Institute of Accountants since 1923. At the time of his death, he was employed in the Oakbrook Hosiery Mills, Inc., at Reading, Pa.

Meetings and Elections

Georgia Society of C.P.A's

Elections:

President—Stephen B. Ives, of Atlanta.
Vice presidents—T. M. Weber, Jr., of Atlanta; Sydney T. Lee, of Savannah;
A. L. Norris, of Macon; S. M. Wellborn, Jr., of Columbus; W. H. Lynch, Jr., of Augusta.

Secretary—L. E. Campbell, of Emory University.

Treasurer—T. S. Mauldin, of Atlanta.

Atlanta Chapter

Chairman—T. M. Weber, Jr.
First vice chairman—Byron Harris.
Second vice chairman—J. B. Carson.
Secretary—T. A. Avery.
Treasurer—E. F. Moore.

Augusta Chapter

Chairman—W. H. Lynch, Jr.
Vice chairman—H. W. Neill.
Secretary—R. B. Pamplin.
Treasurer—W. A. Herman, Jr.

Columbus Chapter

Chairman—S. M. Wellborn, Jr.
Vice chairman—B. C. Taylor.
Secretary-Treasurer—J. H. Willis.

Macon Chapter

Chairman—A. L. Norris.
Vice chairman—Sydney Backer.
Secretary-Treasurer—Randolph Gober.

Savannah Chapter

Chairman—Sidney Lee.
First vice chairman—Bernie Slotin.
Second vice chairman—Potter F. Gould.
Secretary-Treasurer—Eugene E. Behnken.

Indiana Association of C.P.A's

Northern Indiana Chapter

Date: May 5, 1939.

Elections: President—Lewis E. Thomas.

Vice president—Karl G. King, Jr.
Secretary-Treasurer—Cecil J. Kistler.

Michigan Association of C.P.A's

Central Michigan Chapter

Date: June 21, 1939.

Elections: President—A. J. Campbell.

Vice president—Lyle Hepfer.

Secretary-Treasurer—Eugene C. Wood.

Auditor—George L. Brown.

Eastern Michigan Chapter

Date: June 29, 1939.

Elections: President—Frank Hawes.

Vice president—George A. Bourbonnais.

Secretary—Charles G. Touse.

Treasurer—Donald H. Taylor.

Western Michigan Chapter

Date: June 22, 1939.

Elections: President—Seymour R. Berkey.

Vice president—Wesley DeLong.

Secretary—Albert C. Dykema.

Treasurer—Glynn F. Blanchard.

Auditor—Alfred S. Cramer.

North Carolina Association of C.P.A's

Date: June 15, 1939. Annual meeting.

Place: Richmond, Va.

Elections: President—Chas. F. Strandberg, of Greensboro.

Vice president—Frank P. Buck, of Salisbury.

Secretary—Allen E. Strand, of Greensboro.

Treasurer—Leslie A. Heath, of Charlotte.

New Hampshire Society of C.P.A's

Date: June 24, 1939. Annual Meeting.

Place: Portsmouth.

Elections: President—J. Ben Hart, of Manchester.

Vice-president—Hiram Haskell, of Manchester.

Secretary-Treasurer—Bernard H. Dwight, of Manchester.

Wisconsin Society of C.P.A's

Date: June 23 and 24, 1939. Annual Meeting.

Place: Wausau.

Elections: President—Daniel A. Murray, of Milwaukee.

Vice president—Lloyd W. Birkett, of Milwaukee.

Secretary—Philip W. McCurdy, of Milwaukee.

Treasurer—Alexander F. North, of Milwaukee.

Announcements

A. L. Bilchick & Company announce the removal of their offices to suite 611, 295 Madison Ave., New York, N. Y.

Chester P. Child, William G. Lawson, and Harry E. Leonard announce the formation of a partnership under the firm name of Child, Lawson and Leonard, with offices at 17 E. 42nd St., New York, N. Y., and 43 E. Main St., Waterbury, Conn.

Caballero and Miller announce the removal of their offices to suite 1030, Whitney Bldg., New Orleans, La.

Francis C. Thomas announces the opening of offices in the Commercial Exchange Bldg., 416 W. Eighth St., Los Angeles, Calif.

Ross T. Warner and Roy F. Godfrey announce the removal of their offices to suite 1603, Philtower Bldg., Tulsa, Okla.

Harry Wunsch announces the removal of his offices to 8 S. Main St., Port Chester, N. Y.

Arthur M. Cannon, of Portland, Ore., has been appointed chairman of the section on taxation and public finance, City Club of Portland.

R. W. E. Cole, of Los Angeles, Calif., recently received an honorary degree of master of business administration from Woodbury College in Los Angeles. Richard R. Cole is receiving the degree of master of business administration from the University of Southern California this September.

Harvey C. Daines, of Chicago, Ill., recently addressed the Association of University and College Business Officers at Ann Arbor, Mich., on the subject of "Theory and Procedure for Pooled Investments in Colleges and Universities."

A. R. Kennett, of Roanoke, Va., has been appointed chairman of the finance committee of the Roanoke Lions Club. He has been appointed a member of the Virginia State Dry Cleaners Board for a term of four years.

William Margulies, of Newark, N. J., is the author of an article published in the August issue of *Taxes* entitled "Independent Contractors—Status under the Payroll-Tax Laws."

J. Arthur Marvin, of New York, N. Y., on July 12th delivered an address at Columbia University on the subject of "Auditing Procedures for Detection of Fraud."

Perry Mason, of the University of California, Berkeley, Calif., is the author of an article published in the March issue of the *Accounting Review* entitled "Recent Trends in Depreciation Decisions."

Edwin C. Nelson, of San Jose, Calif., has been appointed assignee for Benefit of Creditors of St. Claire Brewing Co., San Jose, Calif.

Charles J. Rowland, of State College, Pa., addressed the summer session students and faculty of Penn State on the subject of requirements for filing income-tax returns under public-salary-tax act. He is the coauthor of an article entitled "Municipal Accounting and Finance for Pennsylvania Local Government Units," a correspondence course for use in Penn State Extension Service.

Edward P. Tremper, Jr., of Seattle, Wash., is the author of an article entitled "Some Observations on Single v. Multiple Trusts," which appeared in the August issue of *Taxes—The Tax Magazine*. Mr. Tremper has been appointed a member of the executive budget committee of the Seattle Community Fund.

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of The American Institute of Accountants

OCTOBER 1939

VOL. 19 • No. 10

Competitive Bidding

1939 Annual Meeting

New Officers and Members of Council

Second Accounting Clinic

Essay Contest

Announcements

Examinations

15¢ a Copy

Published Monthly

\$1 a Year



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Officers 1939-1940

THE AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

<i>President</i>	JOHN K. MATHIESON
<i>Vice Presidents</i>	SAMUEL J. BROAD, LINCOLN G. KELLY
<i>Treasurer</i>	ARTHUR W. TEELE
<i>Secretary and Managing Editor</i>	JOHN L. CAREY

THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of The American Institute of Accountants

Competitive Bidding for Accounting Engagements

A Statement by

THE ILLINOIS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

THE certified public accountants in Illinois, as well as elsewhere, have for many years deplored those occasions on which selection and engagement of public accountants have been made on the basis of competitive bidding. This practice has never been typical of the accounting profession, and the example of those of its members whose judgment and experience have led them to abandon it, has progressively minimized its extent. The greatest number of instances of competitive bidding for accounting engagements is probably to be found in the field of municipal accounting, and it has been gratifying to observe the increasing number of municipalities whose officers realize that the practice is neither required by Illinois law nor consistent with their responsibilities. Convinced that on this subject, both the accounting profession and the public which it serves have reached a state of education warranting a more definite statement of policy than has hitherto been made, the Illinois Society of Certified Public Accountants, at its annual meeting in September, 1939, adopted the resolution which is reprinted herewith. By this resolution, the members of the Illinois Society have expressed their opinion that the use of competitive bidding as a basis for selecting accountants is detrimental not only to the accountants themselves, but also to their clients and to the public which relies on the soundness of the accountants' work, and they have undertaken, as far as they themselves are concerned, to discontinue it.

The practice of selecting accountants on the basis of competitive bidding is detrimental to the client, both because it misleads him in an unsound comparison of values and because it deprives him of the experienced judgment of the accountant as to the necessary scope of his work. It should be apparent that the services of the public accountant are such that they cannot be purchased according to specifications. The skill and integrity which are essential to the value of the public accountant are not measurable quantities, and a comparison of fees or rates quoted by two or more accountants fails to disclose the relative values which are offered. For this reason, the client who attempts to obtain the best possible value for his money by selecting an accountant on the basis of competitive bidding fails directly to achieve his intent or achieves it only by accident. He further

reduces the value of the services he receives, in that bidding generally involves definite specifications as to scope of work and the client is deprived of the judgment of the accountant as to what this scope should be.

The practice of selecting accountants on the basis of competitive bidding directly threatens the essentials of a high standard of practice, and is therefore detrimental to the public, as well as to the accountants and their clients. The investing public and investing and credit institutions and all who rely on the integrity and soundness of financial reports for their guidance and protection have a definite and vital interest in the achievement of the best possible standards of performance by the accounting profession. To the end that such standards be upheld, it is essential that the dignity and professional nature of accountancy be maintained, that accountants shall not be subject to arbitrary dictation in matters pertaining to their work, and that accountancy shall not be placed on the lowest possible standard of performance which can be made acceptable. The accountant selected by a process of competitive bidding approaches his work aware that he has emerged from an undignified scramble for a job, hampered by detailed specifications, in the framing of which he has had no part and which state what he must do regardless of his judgment as to its materiality, and restricted from doing what is not specified, however important it may appear to him as his work progresses. The practice of competitive bidding arises from the not unnatural desire of the client to secure the minimum acceptable result at the minimum cost to him. Even if, by chance, the value of what is secured in this way and the price paid therefor should be commensurate, the result is at best the very minimum which could be required by those for whose protection or benefit it is sought.

To be selected on the basis of competitive bidding, an accountant must be willing to do his work less thoroughly than others or be content with less adequate compensation for doing it; or if neither of these applies, then his bid has been somewhere based on error. Experience has shown that when attempts have been made to obtain engagements by responding to invitations to submit bids, sound and honest estimates of cost by competent and conscientious accountants are seldom successful. When such a bid is successful in obtaining an engagement, it often proves that, through mistake or insufficient information, the time requirements have been underestimated and the successful bidder has been placed in the position of rendering valuable services for inadequate compensation—a position which cannot long be maintained.

The detrimental effects on the mutual interests of accountants, clients, and the public of the practice of competitive bidding for accounting engagements are now recognized by the Illinois Society of Certified Public Accountants in its resolution classifying the practice as discreditable. In taking this step, the Society does not intend to prescribe uniformity in

fees or rates for accounting services, nor to interfere with any arrangements as to fees, rates, or scope of work which may properly be made between an accountant and his client. The propriety of discussing and settling these matters either before or after an accountant is engaged, or from time to time during the recurrence of succeeding engagements is not questioned, nor is it suggested that persons or organizations may not inquire and be informed as to the amount or basis of an accountant's fees for contemplated services. The practice of competitive bidding, which is both discreditable and detrimental to all concerned, is that of selection of accountants by comparison of fees, rates, or other price considerations submitted by the accountants for that purpose. This method of selection involves the undesirable consequences which have been discussed in the preceding paragraphs, and the practices to which the resolution refers are those tending to such results.

EXCERPTS FROM BY-LAWS OF ILLINOIS SOCIETY

Article XIV, Section 4:

Each member of this Society shall observe the ethical proprieties of the profession, remembering that the public's reliance upon his reports can be maintained only by the utmost diligence in the determination and clear presentation of essential information; that the clients' confidences are to be held inviolate; that any business affiliation, commitment, or understanding should be avoided if it is inconsistent with the dignity of his profession or may impair the impartiality of his attitude or the confidence which the public places in him; and that unseemly solicitation or advertising or any lack of consideration for the rights of others is discrediting to the accountant, to this Society, and to the profession.

Article XV, Section 1:

A member shall be liable to admonishment, suspension from membership for a period not exceeding two years, or expulsion if he shall be held by the board of directors to have violated any of the by-laws of the Society or to have been guilty of any act or default discreditable to a certified public accountant, or if he be convicted of a misdemeanor or felony, or if declared by any court of competent jurisdiction to have committed any fraud.

Resolution adopted by the Illinois Society of Certified Public Accountants September 12, 1939:

RESOLVED, that the Illinois Society of Certified Public Accountants regards competitive bidding for professional engagements as an act discreditable to a certified public accountant, inconsistent with the dignity of his profession, and tending to impair public confidence in his maintenance of sound standards of performance, and further

RESOLVED, that the officers and directors of this Society be and they hereby are authorized and directed to be governed, in their administration of section 1 of article XV of the by-laws of this Society, by the sentiments expressed in this resolution.

The American Institute of Accountants

1939 Annual Meeting

WITH an attendance of almost nine hundred, representing 34 states and the District of Columbia, two territories, and three foreign countries, the American Institute of Accountants held its fifty-second annual meeting September 18-21, 1939, at San Francisco. The attendance at this meeting was exceeded only by that of the fiftieth anniversary celebration at New York in 1937. In addition to the usual meetings of the council of the Institute, representatives of state accountancy examining boards and the Advisory Council of State Society Presidents, there were two general sessions and eight round-table sessions. The theme of auditing procedure and the responsibilities of accountants predominated.

Election of Officers

Officers elected to serve during the ensuing year are as follows:

PRESIDENT—John K. Mathieson, Pennsylvania

VICE PRESIDENTS—Samuel J. Broad, New York

Lincoln G. Kelly, Utah

TREASURER—Arthur W. Teele, New York

AUDITORS—James F. Hughes, New York

Simon Loeb, New York

SECRETARY—John L. Carey, New York

The following members were elected to serve on the council for terms of five years each:

T. Coleman Andrews, Virginia

A. Karl Fischer, Pennsylvania

William A. Hifner, Jr., Kentucky

Henry F. Meyer, Georgia

Edw. S. Rittler, Louisiana

Rodney D. White, Washington

Edward B. Wilcox, Illinois

Seven members of the executive committee were elected for the current fiscal year. The president, vice-presidents, and treasurer are members ex-officio. The following is the personnel of the executive committee:

John K. Mathieson, *president*, Pennsylvania

Samuel J. Broad, *vice president*, New York

Lincoln G. Kelly, *vice president*, Utah

Arthur W. Teele, *treasurer*, New York

T. Coleman Andrews, Virginia

George P. Ellis, Illinois

P. W. R. Glover, New York

Robert H. Montgomery, New York

Maurice E. Peloubet, New Jersey

Rodney F. Starkey, New York

C. Oliver Wellington, New York

Mr. Harold B. Hart, of New York, was elected assistant treasurer.

The following committee on professional ethics was elected for the current fiscal year:

George Cochrane, New York, chairman

F. H. Hurdman, New York

Joseph J. Klein, New York

Edward B. Wilcox, Illinois

Dwight Williams, Oklahoma

Election of members to the board of examiners was as follows:

For three years:

Norman J. Lenhart, New York

Hiram T. Scovill, Illinois
John H. Zebley, Jr., Pennsylvania

For two years (to fill a vacancy):

George E. Perrin, North Carolina

The following were elected to the committee on nominations for the year 1939-1940:

Clem W. Collins, Colorado
J. Chester Crandell, Massachusetts
Edwin H. Wagner, Missouri
J. B. Scholefield, California
Harold C. Anderson, D. C.
Clifton H. Morris, Texas
William B. Franke, New York

Day-by-Day Account

The special train from the east reached San Francisco on the morning of Sunday, September 17th, bringing the largest single group to arrive—approximately ninety members and guests. Several hundred from various parts of California and other nearby states had already registered at the Fairmont Hotel, where headquarters had been established. Those who arrived early were entertained at a buffet luncheon at the Fairmont, and many visited the Golden Gate International Exposition at Treasure Island in San Francisco Bay or were driven to other nearby points of interest by members of the California Society during the afternoon.

SEPTEMBER 18TH

A group breakfast brought members and their guests together early Monday morning. Registration continued at an active pace during the morning. Before the booths closed at the end of the day over five hundred had been registered.

Meeting of Council

At 9:30 the council of the Institute, in executive session, held its last meeting of the closing fiscal year, with Clem

W. Collins, president, presiding. Reports of officers and committees were received and consideration was given to their recommendations. Two members of the committee on nominations were elected.

Annual Meeting of California Society

A meeting of the California Society of Certified Public Accountants, which was open to all, began with a luncheon at 12:30 P.M. and continued during the early afternoon. J. W. Scholefield, president of the Society, presided.

Distinguished guests were introduced, and there were short addresses by Mr. Collins, as president of the Institute; Edward B. Wilcox, of Chicago, chairman of the Advisory Council of State Society Presidents; and Victor H. Stempf, of New York, president of the New York State Society of Certified Public Accountants.

A. DeWitt Alexander, of San Francisco, former president of the California Society, reviewed the activities of the year. Frank G. Short and Thornton G. Douglas, presidents of the San Francisco and Los Angeles chapters, respectively, reported on chapter activities and plans for the coming year.

Meeting of Accountancy Examiners

At 2:00 P.M. there was held a joint meeting of accountancy examiners under the auspices of the Association of Certified Public Accountant Examiners and the board of examiners of the Institute. A feature of the program was presentation of the Elijah Watt Sells award, a gold medal, for highest grades in C.P.A. examinations, to Russell William Laxson, of Chicago, Ill. This meeting was also open to all.

Advisory Council Meeting

The Advisory Council of State Society Presidents held its annual meet-

ing on the morning of September 18th. The meeting was opened by Edward B. Wilcox, of Illinois, retiring president of the Council, and proceeded with consideration of questions upon which it later reported recommendations to the council of the Institute. J. B. Scholefield, president of the California Society, was elected chairman of the Council, and Dixon Fagerberg, Jr., president of the Arizona Society, was elected secretary.

Entertainment

During the morning many went on a prearranged walking trip through Chinatown, led by American-born Chinese. From 5:45 to 7:00 P.M. there was a cocktail party, with entertainment, in the Terrace Ballroom of the Fairmont.

SEPTEMBER 19TH

General Session

This day also began with a group breakfast, and at 9:30 the first general session of the annual meeting was convened in the Gold Room of the Fairmont, with Mr. Collins in the chair. Addresses of welcome were made by a representative of the city of San Francisco, and by Mr. Scholefield, as president of the California Society. John K. Mathieson, then vice president of the Institute, responded. There followed the introduction of foreign guests and other distinguished visitors, the address of the president of the Institute (reproduced in the October issue of *The Journal of Accountancy*), and the report of the council to the membership.

Jean C. Witter, president of the Investment Bankers Association of America, then presented an address entitled "Mutual Interests and Responsibilities of Investment Bankers and Accountants." There followed an address by Philip A. Benson, then

president of the American Bankers Association, entitled "Free Enterprise Needs Free Credit."

Round-table Sessions

Four simultaneous round-table sessions were held during the afternoon, beginning at 2:30, as follows:

1. "Internal Conduct of an Accounting Practice"—leader, Rodney D. White, Seattle, Wash.
2. "Extension of Accounting Practice"—leader, Lincoln G. Kelly, Salt Lake City, Utah.
3. "Whose Balance-sheet Is It?"—leader, Victor H. Stempf, New York, N. Y.
4. "Inventories"—leader, Weldon Powell, Los Angeles, Calif.

There were subdivisions of each of these topics with papers presented on each and discussion from the floor. In as much as all papers are to be published in a book of proceedings, the program of the proceedings of these sessions will not be summarized here.

Entertainment

During the afternoon women guests were conducted on a sightseeing drive to points of interest in San Francisco, including a trip across the Golden Gate Bridge. At 7:00 P.M. there was a buffet supper at the famous Bohemian Club, after which a farcical play, written by an accountant about accountants, was presented in the Bohemian Club theatre, with members of the California Society in the principal rôles.

The Gold Regions theme was carried out in all the entertainment features of the meeting and was reflected in the printed programs and souvenirs distributed to those in attendance.

SEPTEMBER 20TH

During the morning of this day there were four round-table sessions held simultaneously as follows:

1. "Municipal Accounting Clinic"—leader, T. Coleman Andrews, Richmond, Va.
2. "Detection of Fraud by Independent Auditors"—leader, J. S. Seidman, New York, N. Y.
3. "Income Tax Clinic"—leader, Walter A. Cooper, New York, N. Y.
4. "Progress in Accounting Research"—leader, Thomas H. Sanders, director and coordinator of research, American Institute of Accountants.

There were several distinguished guest speakers at these sessions. Thomas Tarleau, legislative counsel of the United States Treasury Department, discussed new tax legislation and administration. William W. Werntz, chief accountant of the S.E.C., presented accounting subjects for research. J. M. Lowery, county auditor of Los Angeles, described the work of the Uniform Accounting Committee of the California League of Municipalities. All papers presented will be published in the proceedings.

Golf Tournament

The annual golf tournament for possession of the Missouri trophy was held during the afternoon at the San Francisco Golf Club. The trophy was won by a team representing the California Society. Participants and guests were entertained at luncheon at the club. Other results of the tournament will be announced subsequently.

Treasure Island

This was designated "Accountants' Day" at the Golden Gate International Exposition. Members and guests assembled at 3:30 P.M. at the California building on Treasure Island, where they were welcomed by Leland Cutler, president of the Exposition. Mr. Collins made the response. John F. Forbes,

treasurer of the Exposition and a past president of the Institute, described points of special interest on Treasure Island. Norman L. McLaren, of San Francisco, presided at this assembly, which was followed by a sightseeing tour on special elephant trains. Women guests were entertained at luncheon at the Yerba Buena Club.

SEPTEMBER 21ST

General Session

Members of the Institute again met in general session at 9:30 A.M. The principal items of business were the election of officers, members of the council, and members of the committee on nominations and the selection of the 1940 meeting place. There were adopted certain amendments of the by-laws which will be submitted to the membership for a vote by mail ballot. There followed a panel discussion of auditing procedure, under the chairmanship of P. W. R. Glover, of New York, chairman of the Institute's special committee on auditing procedure during the fiscal year just ended. A paper surveying recent developments in accounting was presented by Henry Rand Hatfield, until recently professor of accounting at the University of California, and there were addresses by the following:

John Haskell, vice president of the New York Stock Exchange.

William W. Werntz, chief accountant of the S.E.C.

W. H. Thomson, president of the Anglo-California National Bank.

Rodney S. Durkee, president of the Lane-Wells Company, Los Angeles, and past president of the Controllers Institute of America.

Lewis Lilly, of San Francisco, member of the Institute.

Samuel J. Broad, of New York, member of the Institute.

Spencer Gordon, of counsel for the Institute.

Each of the papers presented will be published in the proceedings of the meeting.

Meeting of Council

At 4:30 P.M., just after the close of the general session, the council of the Institute, including newly elected members, held its first meeting of the present fiscal year, with John K. Mathieson, the new president, presiding. This meeting was in executive session. The secretary and several administrative committees were elected, and several items of new business were considered.

The following resolutions were adopted by the council and made public at the close of its meeting:

1. Coöperation with President and Government in Economic Crisis

WHEREAS, developments abroad have brought the United States of America to a point where it must plan expeditiously and efficiently to safeguard its economic position in the face of war in Europe and a generally disturbed economic situation, and

WHEREAS, the Government of the United States is developing plans for safeguarding the economy of the nation and assuring its neutrality despite tremendous pressure from belligerent nations, and

WHEREAS, in the approach of the President and the Departments of the Treasury and Commerce to these problems, the assistance of every group competent to help may be needed in this time of business and industrial crisis, and

WHEREAS, it is the duty of every professional group to serve its country and its government in time of emergent need, be it

RESOLVED, that the American Institute of Accountants offer its services to the President and to the Secretaries

of the Treasury and of Commerce, and of every other branch of the Federal Government which may need its assistance, in connection with any preparation for the future security of the national economy which may be contemplated, and be it

FURTHER RESOLVED, that the American Institute of Accountants notify the President and Cabinet officers referred to above of its willingness to help if and where needed, and appoint a special committee to carry through such coöperation as may be called for in response to this offer.

2. Financial Statements of Trade Associations and Labor Unions

RESOLVED, that the council of the American Institute of Accountants is in favor of federal legislation requiring the publication of financial statements audited by certified public accountants of trade associations, labor organizations, and similar associations the activities of which affect interstate commerce, and is in favor of legislation with similar requirements in each state affecting similar associations with intrastate activities.

3. The Natural Business Year

RESOLVED, that the recent approval of the New York Stock Exchange and the National Association of Manufacturers of the use of the natural business year be heartily endorsed by the council of the American Institute of Accountants; and that the general adoption of the natural business year, under which each business unit will end its accounting period at a date coincident with the close of the annual cycle of operations in that particular business, will be of great help toward economy and efficiency in management and the presentation of more prompt and accurate reports to stockholders.

Entertainment

During the morning women guests and members not attending the general

session had an opportunity to inspect the famous jade collection at Gump's, 250 Post Street.

The annual banquet of the Institute, held in the Gold Room of the Fairmont, began at 7:00 P.M. Mr. Scholefield, president of the California Society, served as toastmaster. Chester Rowell, of San Francisco, noted editor and publicist, presented an address entitled "Your World Today." Mr. Collins, retiring president of the Institute, announced that the Honorable Edward J. Noble, Under Secretary of Commerce, had been prevented from attending the banquet by the pressure of his official duties at Washington, but that the paper which he was to have presented would be made a part of the proceedings to be published. After the program of addresses, there was dancing until 2:00 A.M.

Exhibits

One of the special features of the annual meeting was an exhibit of old accounting books, manuscripts, and other items lent from the private collection of Dr. Henry Rand Hatfield, professor of accounting, emeritus, at the University of California, and from the collection of the university's library.

Another interesting feature was an exhibit of accounting machines, appliances, and forms. Exhibitors were the Burroughs Adding Machine Company, Ditto, Inc., Friden Calculating Machine Company, Charles R. Hadley Company, International Business Machines Corporation, Marchant Calculating Machine Company, Schwabacher-Frey & Company, and Underwood Elliott Fisher Company.

Through the courtesy of the Municipal Finance Officers Association, there was a display of material on municipal accounting.

1940 Meeting Place

Memphis, Tenn., was selected as the place of the 1940 annual meeting of the Institute, after consideration had been given to invitations from the Tennessee Society and the Memphis Chapter, the Georgia Society, the Florida Institute, and the Puerto Rico Institute.

Committees

COMMITTEE ON MEETINGS:

A. De Witt Alexander, *Chairman*
James E. Hammond
George R. Keast
Louis Hubbard Penney
J. B. Scholefield
Frank G. Short

COMMITTEE ON CREDENTIALS:

William Dolge, *Chairman*
B. W. Bours
John W. Burrows

SUBCOMMITTEES:

Registration:

Emile R. Niemela, *Chairman*
Malcolm M. Devore
Arthur A. Wender
Richard Wurdeman
Sherman M. Wyman

Technical Sessions:

Albert J. Watson, *Chairman*
Lewis Lilly
Myron M. Strain
Addison G. Strong

Banquet:

Anson Herrick, *Chairman*
Fred H. Brown
Judson E. Krueger
David J. W. Patrick
Leonard S. Reeve
James O. Sully

Program and Invitations:

Francis P. Farquhar, *Chairman*
Victor Aaron
George E. Benson

J. Gordon Hill
Harold A. Kellogg
A. Thomas Murphy

Golf:

George R. Keast, *Chairman*
Walter G. Draewell
Robert M. Gane
Phillip A. Hershey
Walter Hood
Kenneth N. Logan

Exposition:

Cyril J. Hasson, *Chairman*
F. C. Kohnke
Noel R. Simpson

Tennis:

H. Vannoy Davis, *Chairman*
Frank A. Beeton
Frank A. J. Knopp
Edward G. Scovil
John R. Strachan

Reception:

Andrew F. Sherman, *Chairman*
C. P. Carruthers
John F. Forbes
Walter J. Hollings
J. Hugh Jackson
Ruth G. Kimball
Robert S. Kirkland
Murdo MacKenzie
Perry Mason

Local Transportation:

Harry J. Cooper, *Chairman*
Walter B. Bailey
William J. Driscoll
Guy P. Jones
D. A. Sargent
Emil G. Wunner

Attendance and Publicity:

Ross Randall, *Chairman*
James L. Cockburn, Jr.
William Morrison
Herbert R. Thielmeyer

Accommodations and General Entertainment:

Louis H. Penney, *Chairman*
Earl N. Bachand

W. F. Penney
C. G. Uhlenberg

Tuesday Evening:

Norman L. McLaren, *Chairman*
David F. Dodge
William Dolge
Adrian Metzger
G. H. Strachan

Finance:

James E. Hammond, *Chairman*
Robert Buchanan
Frederick Girard
Edwin C. Nelson
Ross L. Perkins

Business Machines Exhibit:

Milton B. Clawson, *Chairman*
Charles S. Herbert
Floyd T. Webb
John W. Wickland

Women's Entertainment:

Mrs. Anson Herrick, *Chairman*
Mrs. A. DeWitt Alexander
Mrs. Fred H. Brown
Mrs. C. P. Carruthers
Mrs. John H. Eldridge
Mrs. Francis P. Farquhar
Mrs. John F. Forbes
Mrs. Robert M. Gane
Mrs. Percy G. Goode
Mrs. George R. Keast
Mrs. Judson E. Krueger
Mrs. Norman L. McLaren
Mrs. E. R. Niemela
Mrs. Ross L. Perkins
Mrs. D. A. Sargent
Mrs. Frank G. Short
Mrs. James O. Sully
Mrs. Albert J. Watson

Flying Squad:

John H. Eldridge, *Chairman*
Harold Kuhn
Alwin F. Rosslow

Los Angeles Entertainment:

William E. Ware, *Chairman*
Thornton G. Douglas
J. Robert McCoy
I. Graham Pattinson
George M. Thompson

Proceedings of the Annual Meeting

Papers presented at the annual meeting held September 18-21 at San Francisco will be published in a book of proceedings as soon as the material can be gathered and edited and the volume produced. Copies will be sent without charge to the entire membership of the Institute, and additional copies will be provided for sale at a nominal price to members and non-members.

Secretary Visits Western Societies

Following the conclusion of the Institute's annual meeting at San Francisco, the secretary of the Institute attended the annual convention of the American Bankers Association at Seattle, by invitation of Philip A. Benson, retiring president of the Association. During his stay the secretary conferred with many Institute members in Seattle.

On October 2nd he was the guest of the Kansas City Chapter of the Missouri Society of Certified Public Accountants at the informal weekly luncheon meeting of the chapter and at a special meeting in the evening at the Philips Hotel. About thirty-five members of the chapter were present. The secretary spoke on current problems of the profession, and a lengthy discussion followed his remarks.

At the annual meeting of the Tulsa Chapter of the Oklahoma Society of Certified Public Accountants on October 3rd, held following a luncheon at the Mayo Hotel, the secretary was introduced and spoke briefly on cooperation with the legal profession. On October 4th he was a guest, with Ross T. Warner, member of the Institute, at an informal luncheon sponsored by the Tulsa County Bar Association. Mr. Warner described to the lawyers

situations in which lawyers and accountants could work together effectively, and the secretary of the Institute spoke briefly on the history and development of the accountancy profession in this country. In the evening a special dinner meeting of the Tulsa Chapter was held at the Mayo Hotel, at which about fifty were present. The secretary of the Institute was introduced and spoke on current problems, which were further discussed from the floor following the conclusion of his remarks.

On October 6th and 7th the secretary of the Institute was a guest of the Texas Society of Certified Public Accountants assembled in annual meeting at the St. Anthony Hotel at San Antonio. At the opening session the secretary delivered an address entitled "Accountancy and the Public." Frank Wilbur Main, of Pittsburgh, spoke at the same session on "The Accountant of the Future—His Training and Opportunities." In the afternoon Dwight Williams, member of council of the American Institute of Accountants, read a paper on "Federal Income Tax Problems in the Oil Producing Industry."

At the business session held on the following morning the secretary of the Institute was elected an honorary member of the Texas Society of Certified Public Accountants.

New Virginia Chapter

A new chapter of the Virginia Society of Public Accountants was formed in Roanoke, Va., on August 31, 1939, to be known as the Southwest Chapter. The officers elected to serve for the ensuing year are:

President—R. L. Persinger, Covington, Va.

Vice president—O. H. Tufts, Lynchburg, Va.

Secretary-Treasurer—Leslie A. Kimble, Roanoke, Va.

Examinations

The regular fall examinations of the American Institute of Accountants will be held on November 16th and 17th, and coöperating state accountancy boards will hold simultaneous sessions. Following is the schedule of examinations:

THURSDAY, NOVEMBER 16, 1939

9:00 A.M. to 12:30 P.M. Auditing.

1:30 to 7:30 P.M. Accounting theory and practice. Part I.

FRIDAY, NOVEMBER 17, 1939

9:00 A.M. to 12:30 P.M. Commercial law.

1:30 to 7:30 P.M. Accounting theory and practice. Part II.

Second Accounting Clinic

Federal tax legislation and administration and extensions of auditing procedure will be the principal topics of discussion at the Second Accounting Clinic to be held at Pennsylvania State College Friday and Saturday, October 20th and 21st. The Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants is sponsoring the meeting, with the active coöperation of the Pennsylvania Institute itself and of the Scranton, Philadelphia, and Pittsburgh chapters. As at the first clinic, a special effort has been made to encourage attendance by younger accountants.

The clinic will open with a luncheon session October 20th. The afternoon will be devoted to consideration of auditing procedure, with Maurice E. Peloubet, of New York, as speaker and discussion leader.

Another speaker at the clinic will be Norman J. Lenhart, of New York. Mr. Lenhart will speak on the morning of October 21st, on the subject, "To What

Extent May Usual Auditing Procedures Be Relied upon for Detection of Fraud?"

Another speaker on the morning program will be John L. Costello, chief of the Corporation Tax Bureau of the Department of the Auditor General, Commonwealth of Pennsylvania.

At the luncheon on Friday there will be brief addresses by A. Karl Fischer, of Philadelphia, president of the Pennsylvania Institute of Certified Public Accountants, and by John L. Carey, of New York, secretary of the American Institute of Accountants. The American Institute has coöperated in obtaining speakers and making arrangements for the meeting.

Registration at the clinic is open to everyone interested according to an announcement by the committee in charge of plans. This committee, headed by Irving Yaverbaum of Harrisburg, states that all certified public accountants, business executives, bankers, credit men, accounting instructors, members of the bar, government officials, members of the accounting staffs of private corporations, members of the staffs of accounting firms, and accounting students are invited to attend the clinic sessions.

Members of the clinic committee serving with Mr. Yaverbaum are: Professor Charles J. Rowland, of the department of accounting, Pennsylvania State College, secretary of the Harrisburg Chapter; L. Clifford Myers, of Williamsport, treasurer of the Harrisburg Chapter; and William W. Colledge, member of the executive committee of the Chapter.

"What Is a Certified Public Accountant?"

The Kentucky Society of Certified Public Accountants has issued a statement entitled "What Is a Certified

Public Accountant?" for public distribution. The booklet, which is four by nine inches, contains five printed pages.

Election of Members

In the absence of protest, the president has declared elected as members and associates, respectively, forty-four applicants whose election had been recommended by the board of examiners and approved by the council by mail ballot. Following are the new members and associates:

ADVANCED TO MEMBERSHIP

Gaylord S. Davison, Minneapolis, Minn.
Mary E. Murphy, New York, N. Y.
Allyn K. Suttell, Providence, R. I.

ADMITTED AS MEMBERS

Nina P. Hudson Arnold, Haddam, Conn.
Merton C. Barstow, Boston, Mass.
Fred M. Breslin, San Francisco, Calif.
W. Latimer Brown, Charlotte, N. C.
Ferdinand G. Buenger, Kansas City, Mo.
James B. Carson, Atlanta, Ga.
Camillo D'Agostino, New York, N. Y.
W. Ben Davis, Knoxville, Tenn.
Barnett H. Fischer, Chicago, Ill.
Lamont E. Fontaine, Milwaukee, Wis.
Claude R. Giles, San Francisco, Calif.
William M. Gwynn, Philadelphia, Pa.
Robert W. Hartford, Jackson, Miss.
Marjorie Hathaway, Fall River, Mass.
Clyde George Hayes, Tulsa, Okla.
George O. Kahkonen, New York, N. Y.
Thomas H. Koerner, Manila, P. I.
Wyman G. Patten, New York, N. Y.
James G. Power, Jr., New York, N. Y.
Henry S. Sekerak, New York, N. Y.
Silas M. Simmons, Natchez, Miss.
Robert B. Stewart, Charlotte, N. C.
Richard W. A. Taylor, Providence, R. I.
Leslie R. Van Duyne, Derry Village, N. H.

ADMITTED AS ASSOCIATES

Rosecrans Baldwin, Chicago, Ill.
Maurice S. Breitman, St. Paul, Minn.

John W. Buxton, Pittsburgh, Pa.
Adelbert O. Champlin, Oklahoma City, Okla.
Thomas Crawley Davis, Wilmington, Del.
Charles T. Dubin, Baltimore, Md.
Louis P. Ganuchau, Jr., New Orleans, La.
Samuel P. Garner, Tuscaloosa, Ala.
Albert J. Henke, Portland, Ore.
Stuart D. MacLaren, Gardner, Mass.
Morrison McMullan, Jr., Philadelphia, Pa.
Edward P. Pedlowe, New York, N. Y.
William Falke Penney, San Francisco, Calif.
Carl A. Samuelson, South Bend, Ind.
Wade H. Schroeder, Oklahoma City, Okla.
Richard C. Stratford, Portland, Ore.
Arthur Lee Wood, Oklahoma City, Okla.

Institute President Visits Canada

The following letter has been received from Clem W. Collins, of Denver, Colorado, recently retired president of the American Institute of Accountants, concerning his visit to Canada, which was reported in the September issue of this bulletin:

"I have just returned from Canada where I had a very interesting and pleasant series of visits.

"The Canadian Institute meeting at Saskatoon was quite successful and I was cordially received, and I believe my visit has done much to cement the cordial relations between the two Institutes.

"Several of the Canadian members whom I met, expressed an intention to attend our San Francisco meeting.

"At Saskatoon there were about 250 present at the luncheon I addressed and about 300 at the annual banquet at which I was asked to respond to a toast. At Calgary there were about 25 present and at Vancouver 45.

"I took occasion on my way from Calgary to Vancouver to stop at Banff for one night and also at Lake Louise.

They are two spots as beautiful as you will find."

Visitors at Institute Offices

The following visitors from out of town have called at the offices of the Institute in recent weeks:

Roberto Casas Alariste, Mexico City, Mexico

A. DeWitt Alexander, San Francisco, Calif.

C. A. Bean, Richmond, Va.

H. R. Borthwick, Salem, N. C.

William M. Deviny, Washington, D. C.

Charles B. Elberson, Winston-Salem, N. C.

William Fagell, Boston, Mass.

Harold M. Heckman, Athens, Ga.

Benjamin H. Hicklin, San Francisco, Calif.

Albert E. Hunter, Boston, Mass.

E. G. H. Kessler, St. Louis, Mo.

Harry I. Langson, Chicago, Ill.

Alfred R. Lile, Little Rock, Ark.

John S. Lloyd, Indianapolis, Ind.

Herbert McReynolds, Phoenix, Ariz.

Laura Menn, Boston, Mass.

John B. Norberg, Denver, Colo.

C. C. Patterson, San Antonio, Tex.

Samuel W. Price, Philadelphia, Pa.

Emiliano Pol, Jr., San Juan, P. R.

Albert L. Roderick, Chicago, Ill.

Charles W. Saussy, Savannah, Ga.

Paul L. Schmitz, Denver, Colo.

Frank A. Shallenberger, Baltimore, Md.

Walter H. Shultus, Grand Rapids, Mich.

Laurence E. Skees, Washington, D. C.

James A. St. Amour, Havana, Cuba

F. T. Sundburg, Toronto, Canada

William H. Townsend, Chicago, Ill.

Leonard M. Troub, Hartford, Conn.

Leon E. Vannais, Washington, D. C.

Dr. Von Weber, Switzerland

Kenneth B. White, Dallas, Tex.

Irving Yaverbaum, Harrisburg, Pa.

State Board

James F. Hughes has been appointed to the New Jersey State Board of Public Accountants to succeed George W. Kingsley, according to a recent announcement.

Research Program Endorsed

The following resolution was adopted by the Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants at a meeting held September 12th:

"RESOLVED, that the Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants go on record as expressing its appreciation for the research work undertaken by the American Institute of Accountants and that the thanks of the chapter members be extended to the research committee and staff for *Accounting Research Bulletins* Nos. 1, 2, and 3, which have just been issued."

At this meeting the Harrisburg Chapter also went on record as endorsing the work of the American Institute of Accountants special committee on auditing procedure, as set forth in the report of the committee, entitled *Extensions of Auditing Procedure*, approved by council of the Institute May 9, 1939.

Essay Contest

An essay contest for students of accounting in colleges and universities in central Pennsylvania has been planned by a committee of the Harrisburg Chapter, Pennsylvania Institute of Certified Public Accountants. The contest will be conducted by the education committee, headed by Charles J. Rowland, of Pennsylvania State College.

Proceedings of Middle Atlantic States Accounting Conference

A limited number of books containing the papers presented at the Middle Atlantic States Accounting Conference, held at Richmond, Virginia, June 16 and 17, 1939, are available at one dollar a copy. Orders should be addressed to A. Frank Stewart, 1105 State-Planters Bank Building, Richmond.

Technical Studies

The committee on technical studies and research of the New Jersey Society of Certified Public Accountants has, with the coöperation of other committees, arranged for a series of technical meetings and round-table discussions based on original research undertaken by members of the Society.

The first meeting of the series was held on October 2nd at Newark. The topic was "Accountants Reports to Courts of Law and Equity," and the discussion covered:

- (a) Estate and probate accounts
- (b) Federal bankruptcy and state-receivership accounts
- (c) Accounts of trustees for New Jersey building-and-loan associations in liquidation.

The purpose of these meetings is to promote free discussion on the part of all the members on the subjects of the meeting. Not only will the committee call upon members from time to time to

participate actively in the work, but it will welcome voluntary offers from the members of any material which may be of interest to the Society.

Utilities Accounting Conference

At the third annual national accounting conference sponsored by the Edison Electric Institute, to be held November 13th, 14th, and 15th at Chicago, Charles B. Couchman, of New York, representing the American Institute of Accountants, will present a paper entitled "Accountancy of Tomorrow." The conference will be devoted to discussions of utility accounting, particularly in relation to government regulation and taxation and to rising accounting costs. General sessions are planned for two forenoons. In line with the desires of a great majority of utility accountants, the remainder of the three days will be taken up with meetings arranged by various committees concerned with specialized accounting matters.

Willis E. Lewis

Willis E. Lewis, of Cleveland, Ohio, died on September 15, 1939, at the age of 55. Mr. Lewis was educated in the schools of Indiana and began his accounting experience in 1915 with the firm of Ernst & Ernst. From 1918 to 1928 he was a partner in the firm of Casbaugh & Lewis. Mr. Lewis was a certified public accountant of Indiana and Ohio. Since 1929 he had been practising under his own name. Mr. Lewis had been a member of the American Institute of Accountants since 1921.

Cornelius J. Lynch

Cornelius J. Lynch, of Detroit, Mich., died on July 29, 1939. Mr. Lynch was born in 1885 in Detroit and was educated in the schools there. He

was a certified public accountant of Michigan and a member of the Michigan Association of Certified Public Accountants. Mr. Lynch was engaged in public practice in Detroit for about twenty-five years and in terms of practice was one of the oldest Michigan certified public accountants. For seven years he was office manager of Dumont, Roberts & Co., Detroit, and for six years he was a member of the staff of the Detroit Trust Co. Since 1928 Mr. Lynch had been a partner in the firm of C. J. Lynch & Co. He had been a member of the American Institute of Accountants since 1927.

George F. McNichols

George F. McNichols, of Washington, D. C., died on August 18, 1939.

Mr. McNichols was born in Garner, Iowa, in 1874, and received his education from Northwestern University, Chicago, Ill., and the University of Chicago Extension School. From 1919 to 1932 Mr. McNichols was senior accountant in the Internal Revenue Department of the United States Government. He was a certified public accountant of North Carolina and had been a member of the American Institute of Accountants since 1925. For several years, Mr. McNichols taught accounting to private classes during his spare time. Mr. McNichols had been retired since 1932.

Cornelius J. O'Donoghue

Cornelius J. O'Donoghue, of New York, N. Y., died on September 6, 1939. Mr. O'Donoghue was born in 1885 in Cork, Ireland, and received his education at Christian Brothers College, Cork. During the years 1906 and 1907 he was assistant professor of the classics there. Mr. O'Donoghue was in the accounting business for more than twenty-five years and was first associated with the firm of Lovejoy, Mather, Hough & Stagg in New York. At the time of his death, he was practising under his own name. Mr. O'Donoghue was a member of the New York State Society of Certified Public Accountants, the Foreign Commerce Club of New York, and the New York Board of Trade. He had been a member of the American Institute of Accountants since 1923.

Everett E. Pitsinger

Everett E. Pitsinger, of Nashville, Tenn., died on August 30, 1939. Mr. Pitsinger was born in Richmond, Ind., on January 15, 1888. His family moved to Winchester, Tenn., soon after and he

was educated in the public schools there. Mr. Pitsinger practised public accounting on his own account for a number of years. From 1933 to 1937 he was connected with the firm of McIntyre & Associates in Nashville, and from 1937 until the time of his death he was a partner in the firm of Allen and Pitsinger, Nashville, Tenn. Mr. Pitsinger was a certified public accountant of Tennessee and had been both secretary of the Tennessee Society of Certified Public Accountants and chairman of the Nashville Chapter during the past year. He was a member of the American Institute of Accountants.

Charles E. Stanwood

Charles E. Stanwood, of Needham, Mass., died on June 26, 1939, at the age of 76. Mr. Stanwood was born in Boston and was educated in the schools there. His accounting experience began in 1894 when he started practising under his own name. In 1914 and 1915 Mr. Stanwood was a member of the Massachusetts legislature. He was treasurer of the town of Needham, Mass., for over thirty years. Mr. Stanwood was a certified public accountant of Massachusetts and had been a member of the American Institute of Accountants since 1926.

Frank M. Weaver

The Institute has received notice of the death of Frank M. Weaver, of Kansas City, Mo. Mr. Weaver was born in Waterbury, Vt., on July 24, 1866, and was educated in the Kansas City, Mo., public schools. He was a partner in the firm of Lawrence Scudder & Co. Mr. Weaver held the C.P.A. certificate of Missouri and had been a member of the American Institute of Accountants since 1916.

Contributors to Research Department

Following is a list of contributors to the research department fund, supplementing the lists already published:

RUSSELL S. BOGUE, Tampa, Fla.
G. R. CONOBY, Mandan, N. D.
NORMAN C. CROSS, Tulsa, Okla.
RUDOLPH G. FLACHBART, New York, N. Y.
OKEY K. HAYSLIP, Huntington, W. Va.
IRWIN-IMIG COMPANY, Omaha, Neb.
O. H. KAHL, Wallingford, Conn.
S. D. LEIDESDORF & Co., New York, N. Y.
LOUIS P. MILLER, Detroit, Mich.
CARL MUR, New York, N. Y.
HORACE R. NEEDHAM, Boston, Mass.
GILBERT NELSON, Chicago, Ill.
PARKER, DAVIDSON & ELSHOLZ, Detroit, Mich.
C. G. PARKER, New York, N. Y.
JOHN B. PAYNE, Washington, D. C.
ROUSE, FAVRET & Co., Cincinnati, Ohio
JOSEPH D. SAVANT, Los Angeles, Calif.
WILLIAM SHERRATT, Philadelphia, Pa.
GEORGE SILVERSTEIN, New York, N. Y.
SKINNER & HAMMOND, San Francisco, Calif.
GEORGE A. SMITH & Co., Worcester, Mass.
DANIEL J. TEARE, Freeport, Ill.
EVERETT D. TOBIN, Grand Rapids, Mich.

HENRY E. TROST, Columbus, Ga.
GEORGE H. WEBER, New York, N. Y.
SAMUEL W. WEBSTER, Los Angeles, Calif.
HARRY WEINBERG, New York, N. Y.
ARTHUR E. WELSH, Cleveland, Ohio
ROLFE A. WESTON, West Haven, Conn.
WHITE, BOWER & PREVO, New York, N. Y.
WARREN H. WHITE, Boston, Mass.
ERNEST S. WOOLLEY, New York, N. Y.

Auditing Procedure

P. W. R. Glover, chairman of the Institute's special committee on auditing procedure during the fiscal year 1938-1939, attended a meeting of the Massachusetts Society of Certified Public Accountants, held at Boston, October 2nd, and delivered a paper entitled "Current Discussions of Auditing Procedure."

Institute Member President of Delta Sigma Pi

John L. McKewen, of Baltimore, Maryland, was elected president of the international fraternity of Delta Sigma Pi at the Grand Chapter Congress held at Philadelphia, September 4th-7th. Delta Sigma Pi is a professional fraternity for students in schools of business, with forty-six chapters and thirteen thousand members.

New Officers and Members of Council

The New Officers

Following are brief biographies of the officers of the Institute elected at the general session of the annual meeting at the Fairmont Hotel, San Francisco, California, on September 21, 1939:

JOHN K. MATHIESON, President

Mr. Mathieson is a partner in the firm of Mathieson, Aitken & Co., of Philadelphia. He was born in Florida, but received his education in the public schools of Chester, Pa., and the Wharton School of Accounts and Finance of the University of Pennsylvania.

Mr. Mathieson started accounting on the staff of Lybrand, Ross Bros. & Montgomery, Philadelphia, and remained with that firm for six years. During the World War he was lieutenant in the air service, and after the war he joined in forming his own firm.

Mr. Mathieson is a certified public accountant of Pennsylvania and a member of the Pennsylvania Institute of Certified Public Accountants. He is also a member of the National Association of Cost Accountants.

He has been a member of the American Institute of Accountants since 1921, and has served the Institute in various capacities, including that of vice president for one year, auditor for two years, member of council for five years, of the executive committee for three years, and of the board of trustees of the American Institute of Accountants Foundation. In addition, he served on the committees on budget and finance, professional ethics, state legislation, and on the special committees on coöperation with Securities and Exchange Commission, natural business year, and social-security act.

SAMUEL J. BROAD, Vice President

Mr. Broad is a partner in the firm of Peat, Marwick, Mitchell & Co., New York, N. Y., and has been associated with the firm since 1916. He was born in 1893 in England and was educated in the schools of Canada and England. Mr. Broad received the B.A. degree from Queens University, Kingston, Ontario. He is a member of the Institute of Chartered Accountants of Alberta.

Mr. Broad is a certified public accountant of New Jersey, New York, Pennsylvania, Missouri, and Ohio. He is a past director of the New York State Society of Certified Public Accountants and has served on a number of its committees, including the committee on coöperation with securities and Exchange Commission, practice procedure, publication, and legislation.

A member of the Institute since 1921, Mr. Broad has served on the following committees: accounting procedure, special committee on accountants' certificates, and the special committees on coöperation with Securities and Exchange Commission and technical information. He has been chairman of the special committee to revise the bulletin, *Examination of Financial Statements*.

LINCOLN G. KELLY, Vice President

Mr. Kelly was born at Fillmore, Utah, and now is a resident of Salt Lake City. He is the senior and managing partner in the firm of Lincoln G. Kelly & Company, Certified Public Accountants.

He is a graduate of the University of Utah, where he received the degree of LL.B., and of the Walton School of

Commerce. In 1911 he was admitted to the bar.

From 1912 to 1916 Mr. Kelly was Utah state auditor, and upon his retirement from that post entered public accounting practice. During the war he served in the army with the rank of major, and after the armistice served in the income-tax unit of the United States Bureau of Internal Revenue. In 1920 he resumed public accounting practice.

Mr. Kelly was admitted to the American Institute of Accountants in 1919, and since then has served on many of its committees. He has just completed a five-year term as a member of council of the Institute, and is now a member of the board of examiners and of the committee on accounting procedure. Mr. Kelly is a past president of the Utah Association of Certified Public Accountants, and was general chairman of the 1938 Mountain States Accounting Conference.

ARTHUR W. TEELE, Treasurer

Mr. Teele is a resident of New York, where he has practised since 1891, and a partner of Patterson, Teele & Dennis. His firm, of which he was a founder, was organized in 1901.

He is a charter member of the Institute and has been one of its most active members. He served on the special war committee in 1917, 1918, and 1919. He was the first chairman of the board of examiners, on which he served for a number of years. He was vice president in 1919 and 1921, and was elected for a five-year term as a member of the council. He has served for thirteen years on the executive committee, during ten of which he was treasurer of the Institute. Other committees on which he has served are those on professional advancement, professional ethics, by-laws, and administration of endow-

ment. During the year 1936-1937 he served as chairman of the committee on accounting procedure, and also as honorary member of the special committee on fiftieth anniversary celebration. Mr. Teele has also been an active member of the New York State Society of Certified Public Accountants.

During the World War he was a member of the War Industries Board and later was appointed by President Harding to the Emergency Fleet Claims Committee.

He was president of the New York Athletic Club for two years and was a member of the board of governors for thirteen years.

JAMES F. HUGHES, Auditor

Mr. Hughes is a partner of Boyce, Hughes & Farrell, New York, N. Y., having started the firm in 1911 in partnership with James F. Farrell. He attended Phillips-Exeter Academy, and subsequently obtained the C.P.A. certificates of New York and New Jersey. He was at one time lecturer at Columbia University.

Mr. Hughes is a past president of the American Society of Certified Public Accountants. He also is a past president of the New York State Society of Certified Public Accountants and of the New Jersey Society of Certified Public Accountants, and has served each of these societies in many capacities. Mr. Hughes was a member of the New Jersey State Board of Public Accountants for fifteen years, during part of which time he was its president. He was also a member of the American Society committee which coöperated with an Institute committee to bring about the merger of the two organizations. He has been a member of the Institute since its formation in 1916. Prior to that time he was a member of its predecessor, the American Associa-

tion of Public Accountants. He has served on the special committees on commercial arbitration, coöperation with bankers, and fiftieth anniversary celebration.

SIMON LOEB, Auditor

Mr. Loeb is a partner in the firm of Loeb & Troper, New York, N. Y. He was educated in the School of Commerce, Accounts and Finance at New York University, and also attended Pace Institute. Mr. Loeb's public accounting experience dates from 1920. He is a certified public accountant of New York and has served on many important committees of the New York State Society of Certified Public Accountants. For five years he was on the New York State Board of Certified Public Accountant Examiners. Mr. Loeb was a director of the American Society of Certified Public Accountants for four years, and has been a member of the American Institute of Accountants since 1924. Mr. Loeb is a member of the advisory board of the School of Accountancy at Pace Institute. He is a member of the board of Governors of the Accountants Club of America and a member of the New York Credit Men's Association.

New Members of Council

Following are brief biographies of the new members of council, elected at the general session at the Fairmont Hotel, San Francisco, California, on September 21, 1939:

T. COLEMAN ANDREWS

Mr. Andrews is the senior partner in the firm of T. Coleman Andrews & Co., Richmond, Va., and is now concluding a temporary leave of absence from his firm taken July 1, 1938, to accept the appointment of Comptroller of the City of Richmond. He was born

in 1899 in Richmond and was educated in the public schools and at the University of Richmond. From 1918 to 1922 Mr. Andrews was a staff member of the American Audit Co., Richmond. He taught for three years at the Virginia Mechanics Institute night school at Richmond.

Mr. Andrews is a certified public accountant of Virginia and a member of the Virginia Society of Public Accountants. He served as treasurer of the American Society of Certified Public Accountants. He has been chairman of the Institute's special committee on bankruptcy, and has been a member of the special committees on governmental accounting and relations with bar association.

In 1926 Mr. Andrews was a delegate from the American Society of Certified Public Accountants to the International Accountants Congress at Amsterdam, and was elected to the Presiding Council of the Congress.

A. KARL FISCHER

Mr. Fischer is a partner of Lybrand, Ross Bros. & Montgomery, Philadelphia, Pa., and has been with that firm since 1908. He was born in 1891 in Philadelphia and studied at the Episcopal Academy there.

He is a certified public accountant of New York and Pennsylvania and has been a member of the Pennsylvania Institute of Certified Public Accountants since 1920, serving as chairman of its committees on budget and finance, coöperation with bankers, Institute publications, and development of Institute and membership. In addition, he has been a member of the committees on accounting terminology, review of published financial reports, endowment fund, and coöperation with the city charter Commission, and was vice president of the Pennsylvania In-

stitute for 1938-1939. In September of this year, he was elected president. Mr. Fischer has been both chairman and vice chairman of the Philadelphia Chapter and has served on a number of its committees.

Mr. Fischer is a member of the Advisory Council of State Society Presidents, and has been a member of the American Institute of Accountants since 1917.

WILLIAM A. HIFNER, JR.

Mr. Hifner is a partner in the firm of Hifner & Fortune, Lexington, Ky. He was born in 1881 in Jessamine Co., Ky., and was educated in the common schools there. Since 1918 Mr. Hifner has been engaged in general accounting practice.

He is a certified public accountant of Kentucky and Tennessee, and a charter member and president-emeritus of the Kentucky Society of Certified Public Accountants. Mr. Hifner has served as a director of the Society as well as secretary and treasurer. He is also a member of the Memphis Chapter of the Tennessee Society of Certified Public Accountants. Mr. Hifner is president of the State Board of Accountancy of Kentucky. He has been a member of the Institute since 1924.

HENRY F. MEYER

Mr. Meyer has been practising on his own account in Savannah, Ga., since 1926. From 1924 to 1926 he had been doing income-tax work in the Treasury Department of the Government. At present, Mr. Meyer is chairman of the city council of Savannah and chairman also of the city's finance committee.

He was born in 1888 in Savannah, and was educated in the public schools there. Mr. Meyer attended Ryans Business College in Savannah and studied accounting at La Salle Ex-

tension School, University of Chicago. He served in the World War as a captain of field artillery, and at present holds a commission as colonel of field artillery in the Organized Reserves.

A certified public accountant of Georgia, Mr. Meyer was the first secretary of the reorganized Georgia Society of Certified Public Accountants and had been continuously a member of its board of trustees until the present year.

Mr. Meyer has been a member of the Institute since 1934 and has served as a member of the special committee on development of the Institute and the committee on membership.

EDWARD S. RITTLER

Mr. Rittler has been a partner in the firm of Moses, Rittler & Dienes, New Orleans, La., since 1931. He had begun his accounting experience in 1918 with Peat, Marwick, Mitchell & Co., and later he became a partner in the firm of G. A. Ruhl & Co. Mr. Rittler was born in New Orleans in January, 1899, and was educated in the schools there. He received his accounting training from Pace Institute.

Mr. Rittler is a certified public accountant of Louisiana and a member of the Society of Louisiana Certified Public Accountants, having held the offices of treasurer, vice president, and immediate past president of the Society. In addition, he has served as a member of the Society's executive committee and of its taxation, by-laws, technical, and natural-business-year committees. He was a member of the Advisory Council of State Society Presidents.

He holds the certificate of the Institute of Chartered Accountants of Manitoba and is a member of the Dominion Institute of Chartered Accountants.

A member of the Institute since 1921, Mr. Rittler has served on the fol-

lowing committees: by-laws, development of the Institute, arbitration, nominations, state legislation, and the special committees on membership and natural business year.

EDWARD B. WILCOX

Mr. Wilcox is a partner in the firm of Edward Gore & Co., Chicago, Ill. He was born in 1893 in La Porte, Ind., and attended the public schools of La Porte. In 1916 he was graduated from Northwestern University in Evanston, Ill. He also studied at the Walton School of Commerce. Mr. Wilcox began his accounting experience with Barrow, Wade, Guthrie & Co., in 1916 and later was associated with Haskins & Sells. From 1917 to 1919 he served as a lieutenant in the army.

A certified public accountant of Illinois, Mr. Wilcox has been a member of the Illinois Society of Certified Public Accountants since 1923, serving as a director since 1933 and as president for the year 1938-1939. He has also been both secretary and chairman of the Board of Examiners in Accountancy of the State of Illinois. He is a member of the Illinois Committee of the Chicago Association of Commerce.

Mr. Wilcox has been a member of the Institute since 1927 and during the past year was chairman of the Advisory Council of State Society Presidents. He has served on the Institute's committees on federal taxation and state legislation.

RODNEY D. WHITE

Mr. White is a partner in the firm of White and Currie, Seattle, Wash. He is the holder of the third certified public accountant certificate issued in the state of Washington, by examination. A member of the Washington Society of Certified Public Accountants since 1908, Mr. White has held the offices of secretary, treasurer, and president, and has served on many committees of the Society. He has also served as president and as secretary and treasurer of the State Board of Accountancy in Washington.

Mr. White has been a member of the Institute since 1908 serving on a number of its committees including that of subsidiary organizations and its special committees on coöperation with bankers, development of the Institute, nominations, and coöperation with state securities commissioners.

Attendance at Annual Meeting

FOLLOWING are the names of members and others attending the annual meeting of the American Institute of Accountants at San Francisco:

ALABAMA

Arnold, J. D. P., Birmingham
Borland, Mr. and Mrs. W. H., Birmingham
Borland, W. H., Jr., Birmingham
Patton, Elizabeth, Birmingham

ARIZONA

Bailey, Stuart M., Phoenix
Dale, W. C., Phoenix
Fagerberg, Mr. and Mrs. Dixon, Jr., Phoenix
Harmon, Claud F., Prescott
Heap, Helen, Prescott
Hilkert, E. John, Phoenix

COLORADO

Baldwin, Mr. and Mrs. Arthur L., Denver
Collins, Clem W., Denver
Goldberg, Mr. and Mrs. William H., Denver
Larson, Mr. and Mrs. John G., Denver
Stanley, Mr. and Mrs. Thomas E., Denver
Watson, David McE., Denver
Wilkerson, Virginia, Denver

CALIFORNIA

Aaron, Victor, San Francisco
Aiken, Robert L., San Francisco
Aldrich, Bertha L., Los Angeles
Alexander, Mr. and Mrs. A. D., San Francisco
Anderson, Mr. and Mrs. Theodore G., San Francisco
Apgar, Mr. and Mrs. L. W., Oakland
Armstrong, T. B., San Francisco
Armstrong, D. A., San Francisco
Arnstein, Peter, San Francisco
Bachand, Mr. and Mrs. Earl, San Francisco
Bacon, Albert T., Los Angeles
Bailey, Mr. and Mrs. Walter B., San Francisco
Baird, Mr. and Mrs. W. M., San Francisco

Barcklay, F. T., San Francisco
Barnes, Clair Cecil, Sacramento
Barr, John B., Los Angeles
Barr, Mr. and Mrs. Ralph H., San Francisco
Beaman, Earl R., Los Angeles
Beeton, Mr. and Mrs. Frank A., San Francisco
Benson, George E., San Francisco
Berliner, R. R., San Francisco
Betts, Ivan F., Los Angeles
Bishop, H. N., San Francisco
Bock, Russell, Los Angeles
Bontems, James W., Los Angeles
Bottenfield, Richard, Los Angeles
Bours, Mr. and Mrs. B. W., San Francisco
Bowen, Charles C., San Francisco
Bradford, C. E., Fresno
Braitner, Louis R., San Francisco
Breslin, F. M., San Francisco
Brissman, H. G., Oakland
Brodie, D. H., San Francisco
Brookins, Noah O., Los Angeles
Brown, Mr. and Mrs. Fred H., San Francisco
Brown, Mr. and Mrs. H. D., San Francisco
Browne, Dudley E., Burbank
Buchanan, Mr. and Mrs. Robert, San Francisco
Bunting, Charles G., Los Angeles
Burgess, G. T., San Francisco
Burgoyne, Fred, San Francisco
Burrows, Mr. and Mrs. John W., San Francisco
Burrows, Mr. and Mrs. William T., San Francisco
Burt, Aaron, Marysville
Butterfield, Lewis W., Los Angeles
Calegari, Adolph A., San Francisco
Capen, Donald F., Berkeley
Carruthers, Mr. and Mrs. C. P., San Francisco
Caster, Mr. and Mrs. James A., Los Angeles
Cathcart, W. D., San Francisco
Cerf, Mr. and Mrs. Myrtille, San Francisco
Chappuis, David, San Francisco
Child, Vernon, San Francisco

- Christensen, Alfred P., San Francisco
Clarke, Claude A., Los Angeles
Clawson, Mr. and Mrs. Milton B., San Francisco
Clelland, Mr. and Mrs. Maurice D., San Francisco
Cobun, Mr. and Mrs. Charles C., Los Angeles
Cockburn, Mr. and Mrs. James L., Jr., San Francisco
Coffman, Mr. and Mrs. William, San Francisco
Coit, B. C., San Francisco
Coggins, H. A., San Francisco
Cole, Mr. and Mrs. Richard R., Los Angeles
Cole, Leroy H., San Francisco
Comstock, Virginia, San Francisco
Conway, Mr. and Mrs. Nelson H., San Francisco
Cooper, Arville R., Los Angeles
Cooper, Mr. and Mrs. Harry J., San Francisco
Corlett, H. S., San Francisco
Craig, Mr. and Mrs. Donald, San Francisco
Crane, H. F., San Francisco
Crepes, Robert B., San Francisco
Crum, Allen, San Francisco
Dalton, Mr. and Mrs. Henry H., Los Angeles
Davey, Glenn O., San Francisco
Davis, A. Clayton, San Francisco
Davis, H. Vannoy, San Francisco
Dazey, K. I., San Francisco
Devore, Malcolm M., San Francisco
Dexter, Gregory, San Francisco
Dickinson, Charles A., Los Angeles
Dixon, Alfred P., San Francisco
Dobbyn, W. C., San Francisco
Dolge, Mr. and Mrs. William, San Francisco
Dolge, Helen, San Francisco
Douglas, Robert M., San Francisco
Douglas, Thornton G., Los Angeles
Draewell, Mr. and Mrs. Walter G., San Francisco
Drake, Leroy S., San Francisco
Driscoll, Mr. and Mrs. William J., San Francisco
Dumville, Harry, San Francisco
Duncan, C. W., San Francisco
Dunham, Scott H., San Francisco
Egan, J. F., San Francisco
Eidswick, H. N., San Francisco
Eldridge, Mr. and Mrs. John H., San Francisco
Elsbach, Curt F., San Francisco
Espinoza, Valentine B., Los Angeles
Everard, R. R., San Francisco
Farley, Mr. and Mrs. Ray A., San Francisco
Farquhar, Mr. and Mrs. F. P., San Francisco
Finley, W. W., Santa Ana
Fischer, W. H., Berkeley
Folkoff, Robert O., San Francisco
Forbes, Mr. and Mrs. John F., San Francisco
Foster, Ralph W., San Francisco
Frey, Mr. and Mrs. Gilbert, San Francisco
Freeland, J. H. K., San Francisco
Gabrielson, C. C., Los Angeles
Gane, Robert M., San Francisco
Gibson, Mr. and Mrs. Walter B., Los Angeles
Gilbertson, Oscar, Los Angeles
Giles, Mr. and Mrs. C. R., San Francisco
Giles, Mr. and Mrs. Lawrence, Oakland
Gillham, Marvin, Los Angeles
Girard, Mr. and Mrs. Frederick, San Francisco
Glasgow, Charles F., San Francisco
Glines, Elizabeth, Berkeley
Goldeen, Alfred J., San Francisco
Goodell, Clayton H., San Francisco
Goodell, Percy E., San Francisco
Goode, Mr. and Mrs. P. G., San Francisco
Graupner, A. E., San Francisco
Graves, Mr. and Mrs. Willis C., Los Angeles
Guthrie, Catherine, San Francisco
Guthrie, William, San Francisco
Hahn, Mr. and Mrs. F. F., Los Angeles
Haines, J. Wilbur, San Francisco
Hair, Mr. and Mrs. A. J., Los Angeles
Halley, Andrew S., San Francisco
Hamilton, F. J., San Francisco
Hamilton, George H., San Francisco
Hamilton, Mr. and Mrs. John W., San Francisco
Hammond, Mr. and Mrs. James E., San Francisco

- Hanlin, R. L., San Francisco
Hardenbergh, E. R., San Francisco
Harlan, Karl, San Francisco
Harms, R. A., San Francisco
Harrison, Harlowe A., Los Angeles
Hartman, David, Sacramento
Hart, L. A., San Francisco
Hartung, J. W., Los Angeles
Hasson, Cyril J., San Francisco
Hatfield, Henry Rand, Berkeley
Heimbucher, Mr. and Mrs. C. V., San Francisco
Henry, Mr. and Mrs. B. K., San Francisco
Herbert, Mr. and Mrs. C. S., San Francisco
Herrick, Mr. and Mrs. Anson, San Francisco
Hershey, Mr. and Mrs. Phillip A., San Francisco
Hicklin, Benjamin H., San Francisco
Higgins, John, San Francisco
Hill, Mr. and Mrs. J. Gordon, San Francisco
Hilt, Mrs. Ada, San Francisco
Hodge, Darrell, Sacramento
Hollings, Walter J., San Francisco
Hood, Mr. and Mrs. Walter, San Francisco
Hopper, R. J., Los Angeles
Horenstein, George L., Oakland
Howker, G. A., San Francisco
Hughmanick, John H., San Francisco
Jackson, Hugh, Stanford
Jackson, William Fort, Oakland
Jacob, Emile R., San Francisco
James, Mr. and Mrs. V. Balfour, San Francisco
Jay, L. L., San Francisco
Johnson, J. L., San Francisco
Jones, Guy P., San Francisco
Jordan, Mrs. Edward B., San Francisco
Karg, F. P., San Francisco
Kasson, Ray E., San Francisco
Kayser, A. S., San Francisco
Keast, Mr. and Mrs. George R., San Francisco
Kellogg, Harold A., San Francisco
Kennard, H. F., San Francisco
Kenney, L. H., San Francisco
Kibbee, Ralph W., Los Angeles
Kimball, Mrs. Ruth G., San Francisco
King, L. B., San Francisco
Kirkland, Mr. and Mrs. Robert S., San Francisco
Klink, G. T., San Francisco
Knowlton, Leslie D., San Francisco
Kottinger, W. B., Jr., San Francisco
Krueger, Judson E., San Francisco
Kudell, Carl W., Los Angeles
Kuhn, Harold A., San Francisco
Lane, H. B., San Francisco
Langenow, B. P., San Francisco
Lawrence, Thomas H., San Francisco
Lehman, Mr. and Mrs. George J., Los Angeles
Le Clercq, Mr. and Mrs. Emerson, San Francisco
Levesque, Mr. and Mrs. Charles A., Los Angeles
Lewis, M. Ellen, Los Angeles
Lilly, Lewis, San Francisco
Linden, F. A., San Francisco
Lindquist, Rudolph, San Francisco
Listen, R. H., San Francisco
Long, John F., San Francisco
Lowery, Mr. and Mrs. Joseph M., Los Angeles
Lundberg, Mr. and Mrs. Fred E., Oakland
Lundberg, Olof, San Francisco
Mabey, Charles P., San Francisco
MacKenzie, Murdo, San Francisco
MacKenzie, R. D., San Francisco
MacReynolds, R. L., Los Angeles
MacTavish, Donald, Los Angeles
Maloney, William F., Los Angeles
Martin, R. H., San Francisco
Mason, Edmund D., San Francisco
Mason, Perry, Berkeley
Mattingly, Bennett D., San Francisco
Mayhew, Wayne E., Oakland
McCoy, Mr. and Mrs. J. Robert, Jr., Los Angeles
McFadden, D. I., San Francisco
McFadon, B. F., Palo Alto
McKinney, Mr. and Mrs. P., Jr., San Francisco
McKellip, John V., San Francisco
McLaren, Mr. and Mrs. Norman L., San Francisco
Menist, R., San Francisco
Mensor, G. N., San Francisco
Mensor, Mrs. Francis G., San Francisco
Messersmith, Mr. and Mrs. J. C., San Francisco

- Meyer, Adolph C., San Francisco
 Meyer, Estelle, San Francisco
 Mills, Harry B., Los Angeles
 Milner, George F., Los Angeles
 Minton, Ernest H., San Francisco
 Mitchell, Walter K., Los Angeles
 Monk, Mrs. Dudley C., Pasadena
 Moe, K., San Francisco
 Moore, Mr. and Mrs. W. G., San Francisco
 Morrison, Mr. and Mrs. William, Oakland
 Morris, R. F., San Francisco
 Moses, Grace, Oakland
 Moss, Mr. and Mrs. Oscar, Los Angeles
 Muncy, Frank L., San Francisco
 Mund, F. H., Berkeley
 Murphy, A. T., San Francisco
 Near, Chester R., San Francisco
 Neild, Mr. and Mrs. Arthur, San Francisco
 Neill, William, Marysville
 Nelson, Edwin C., San Francisco
 Nelson, Mr. and Mrs. Frank C., San Francisco
 Newman, Maurice N., Los Angeles
 Nichols, W. Joe, Los Angeles
 Niemela, Mr. and Mrs. Emile R., San Francisco
 Norton, T. S., Jr., Los Angeles
 Nowell, Mr. and Mrs. H. Edwin, San Francisco
 Oefinger, Mr. and Mrs. George E., San Francisco
 Oppenheimer, Carl, Los Angeles
 Olpin, R. S., San Francisco
 O'Brien, J., San Francisco
 Overmire, H. L., San Francisco
 Parker, Walter A., San Francisco
 Parrish, H. H., Oakland
 Patrick, David J. W., San Francisco
 Pattinson, Mr. and Mrs. Ismay G., Los Angeles
 Pattinson, Suzanne, Los Angeles
 Peabody, Mr. and Mrs. George B., San Francisco
 Peaks, A. R., Sacramento
 Pearce, Harry L., San Francisco
 Pearman, E. E., San Francisco
 Peat, H. J., San Francisco
 Penney, Mr. and Mrs. L. H., San Francisco
 Penney, W. F., San Francisco
 Peppell, P. L. C., San Francisco
 Perkins, Mr. and Mrs. R. L., San Francisco
 Perry, Robert, Oakland
 Peterson, Mr. and Mrs. T. C., San Francisco
 Plimsoll, H. R., Oakland
 Poole, Arthur B., San Francisco
 Powell, Weldon, Los Angeles
 Powers, A. H., Los Angeles
 Price, R. E., San Francisco
 Reading, J., San Francisco
 Reeve, Mr. and Mrs. Leonard S., San Francisco
 Riley, J. L., San Francisco
 Ritter, F. T., Long Beach
 Rodolph, Mr. and Mrs. Rollin P., San Francisco
 Rogers, M. H., San Francisco
 Rooney, Henry J., San Francisco
 Rose, Mr. and Mrs. Herbert B., San Francisco
 Rosslow, Alwin F., San Francisco
 Rowley, Sterling, San Francisco
 Rothman, Emanuel, Los Angeles
 Rudd, George H., Los Angeles
 Runser, Mr. and Mrs. James A., San Francisco
 Sandfort, J., San Francisco
 Sadler, Burdette, Los Angeles
 Sadler, Everett D., Los Angeles
 Sanders, Mr. and Mrs. Whitney B., San Francisco
 Sargent, Mr. and Mrs. Douglas A., Oakland
 Satchell, Mr. and Mrs. Goerge E. H., San Francisco
 Savant, Joseph D., Los Angeles
 Schick, Lincoln G., Los Angeles
 Scholefield, J. D., Los Angeles
 Scott, Paul L., San Francisco
 Scovil, Edward G., San Francisco
 Sefton, A., San Francisco
 Severns, Mr. and Mrs. E. E., San Francisco
 Sheldon, Mr. and Mrs. William H., Chico
 Sherman, Mr. and Mrs. Andrew F., Oakland
 Sheppard, R. F., San Francisco
 Short, Mr. and Mrs. Frank G., San Francisco
 Simpson, Noel R., San Francisco

Sims, George W., Fresno
Sims, R. L., San Francisco
Skinner, Thomas D., San Francisco
Smith, C. F., Oakland
Smith, Mr. and Mrs. Herbert H., Jr.,
San Francisco
Smith, Joseph T., San Francisco
Soeth, E. G., Oakland
Sonnenberg, Otto J., San Francisco
Spencer, Gilbert L., Palo Alto
Sperry, Ralph E., Los Angeles
Stange, Mr. and Mrs. Walter, Los An-
geles
Stenberg, George, Berkeley
Stevens, G. W., San Francisco
Stevens, L. D., San Francisco
Stilleson, C. S., San Francisco
Stow, C. H., San Francisco
Strong, Addison G., San Francisco
Strachan, George H., San Francisco
Strain, Myron M., San Francisco
Stultz, N. R., San Francisco
Sturrock, C. I., San Francisco
St. Clair, Carl, San Francisco
Sully, Mr. and Mrs. James O., San
Francisco
Swanger, Ivan H., Orange
Tannahill, J. E., San Francisco
Thomas, W. N., San Francisco
Thompson, Mr. and Mrs. George M.,
Los Angeles
Thompson, W. Y., San Francisco
Thompson, Jesse F., San Francisco
Thomson, Henry M., Los Angeles
Thulander, C. A., San Francisco
Timpson, Mr. and Mrs. Lawrence S.,
Oakland
Tinker, F. B., San Francisco
Towers, W. M., San Francisco
Trousdale, Kenneth, San Francisco
Turnbull, G. H., San Francisco
Turner, Robert, San Francisco
Uhlenberg, Mr. and Mrs. C. G., San
Francisco
Unsworth, Mr. and Mrs. Thomas A.,
San Francisco
Vaganas, C., San Francisco
VanDiggelen, A. H., San Francisco
Waggoner, Leslie R., Berkeley
Wagner, Richard, San Francisco
Walker, T., San Francisco
Walling, Mr. and Mrs. George E., Los
Angeles

Walland, Joseph, San Francisco
Ward, W. P., San Francisco
Ware, William E., Los Angeles
Washburn, J. B., San Francisco
Wasson, Lloyd E., San Francisco
Watson, Mr. and Mrs. Albert J., San
Francisco
Watson, Albert J., Jr., San Francisco
Weaver, Ray A., San Francisco
Webb, Mr. and Mrs. Floyd T., San
Francisco
Webster, Samuel S., Jr., Los Angeles
Wender, Mr. and Mrs. Arthur A., San
Francisco
Wheeler, Herbert A., Los Angeles
Willans-Izett, Mr. and Mrs. Noel C.,
San Francisco
Williams, Frank B., San Francisco
White, D. N., San Francisco
Whitner, Mr. and Mrs. Chauncey, San
Francisco
Williams, Mr. and Mrs. Robert W.,
Los Angeles
Willbee, A. C., San Francisco
Wilson, J. F., San Francisco
Wilson, L. G., San Francisco
Wilson, Mr. and Mrs. Melvin D., Los
Angeles
Wilson, Seldon, M., San Francisco
Wittman, C. William, Jr., San Fran-
cisco
Woltz, May G., Livermore
Woltz, M. M., Livermore
Wood, T. S., San Francisco
Wrixon, L. R., San Francisco
Wunner, Mr. and Mrs. Emil G., San
Francisco
Wurdeman, Mr. and Mrs. Richard, San
Francisco
Wyman, Mr. and Mrs. Sherman M.,
San Francisco
Zabriskie, A. I., San Francisco

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Councilor, James A., Washington
Gordon, Spencer, Washington
Haynes, Mr. and Mrs. J. Marvin,
Washington
Springer, Mr. and Mrs. Durand W.,
Washington
Wandtk, Robert E., Washington

Werntz, Mr. and Mrs. William W.,
Washington

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Keller, Mr. and Mrs. James I., Jr.,
Miami

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Forester, Frank, Thomasville
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Lofin, William F., Columbus
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Savannah
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Atlanta
Pixton, Dorothy, Atlanta
Pixton, Josephine, Atlanta
Saussy, Charles W., Savannah

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Dick, Kenneth A., Moscow
Diehl, Louis F., Boise
Middleton, George B., Boise
Nielson, Mr. and Mrs. O. A., Pocatello

ILLINOIS

Bowlby, Joel M., Chicago
Brewer, George F., Chicago
Brown, Robert C., Chicago
Dawson, Mr. and Mrs. John P.,
Chicago
Duncombe, Mr. and Mrs. Fred J.,
Winnetka
Ellis, George P., Chicago
Gilman, Stephen, Chicago
Himmelblau, David, Chicago
Jones, Charles W., Chicago
Laxson, Mr. and Mrs. Russell W.,
Chicago
McDonald, E., Chicago
McGregor, Mr. and Mrs. James P.,
Chicago
Miller, Mr. and Mrs. Homer L., Chicago
Rastall, E. S., Rockford
Rickbeil, Mr. and Mrs. Raymond E.,
Springfield
Rohe, Mr. and Mrs. Walter H.,
Chicago
Scudder, Lawrence W., Chicago
Smart, Jackson W., Chicago
Sunley, William T., Chicago

Whitworth, Mr. and Mrs. Charles R.,
Chicago

Wilcox, Edward B., Chicago

INDIANA

Brennan, E. P., Indianapolis
Madden, William M., Indianapolis

IOWA

Keightley, Mr. and Mrs. L. H., Sioux
City
Peterson, Mr. and Mrs. F. J., Des Moines

KANSAS

Gifford, H. W., Topeka

KENTUCKY

Escott, Clifton R., Louisville
Hifner, Mr. and Mrs. William A., Jr.,
Lexington

LOUISIANA

Barton, Mr. and Mrs. Meyer, New
Orleans
Bourgeois, Mr. and Mrs. Sidney S.,
Jr., New Orleans
DeVerges, Mr. and Mrs. Edward J.,
New Orleans
Frazer, Mr. and Mrs. H. G., Monroe
Harmon, Augustus A., New Orleans
Hartmann, Mr. and Mrs. John F.,
New Orleans
Hartmann, Olga, New Orleans
Moret, Lucien J., New Orleans
Ordway, Richard S., New Orleans
Pilié, Mr. and Mrs. Louis H., New
Orleans
Rittler, Mr. and Mrs. Edw. S., New
Orleans

MARYLAND

Hatter, Charles W., Baltimore

MASSACHUSETTS

Chase, Arthur T., Boston
Crandell, J. Chester, Boston
Prest, Mr. and Mrs. Alan P. L., Boston
Sanders, Thomas H., Boston
Stewart, J. Harold, Boston
Wilkinson, A. F., Boston

MICHIGAN

Bailey, Mr. and Mrs. George D.,
Detroit
Bloodsworth, Mr. and Mrs. A. J.,
Detroit

Briggs, Robert P., Ann Arbor
Harrington, John E., Detroit
Kimball, Donald M., Detroit
Leyhan, John P., Grosse Pointe
Paton, William A., Ann Arbor
Scott, Harold W., Detroit

MISSOURI

Bailey, Mr. and Mrs. Miller, Kansas
City
Barnes, Mr. and Mrs. Parry, Kansas
City
Bossana, Mr. and Mrs. L. A., Kansas
City
Cuneo, A. Henry, Kansas City
Kessler, E. G. H., St. Louis
Little, Mr. and Mrs. George P., Joplin
O'Connell, Mr. and Mrs. J. H., St.
Louis
Saxer, Mr. and Mrs. August J., St.
Louis
Wagner, Edwin H., St. Louis

MONTANA

McLeish, William, Great Falls
Stotesbury, J. M., Bozeman
Thomas, Mr. and Mrs. Roscoe L.,
Butte

NEBRASKA

Lambie, Kenneth E., Lincoln
Loucks, Mr. and Mrs. Elton C., Omaha

NEVADA

Semenza, Lawrence J., Reno

NEW JERSEY

Gale, Frank A., Montclair
McGregor, Mr. and Mrs. W. D., Mont-
clair

NEW YORK

Ashbaugh, William L., New York
Benson, Mr. and Mrs. Philip A., Brook-
lyn
Broad, Samuel J., New York
Carey, John L., New York
Cooper, Mr. and Mrs. Walter A., New
York
Davies, Mr. and Mrs. W. Sanders,
New York
Glover, P. W. R., New York
Haskell, Mr. and Mrs. John, New York
Klein, Joseph J., New York
Leffler, Edwin E., Buffalo
Lehn, Mr. and Mrs. F. D., New York

Lindquist, John A., New York
Marvin, J. Arthur, New York
Mendes, Mr. and Mrs. Henry E., New
York
Montgomery, Colonel and Mrs. Robert
H., New York
Peloubet, Mr. and Mrs. Maurice E.,
New York
Peloubet, Annalisa, New York
Prytherch, Mr. and Mrs. Robert H.,
New York
Reeve, Mr. and Mrs. Archie F., New
York
Richardson, Mr. and Mrs. A. P., New
York
Seidman, Jacob S., New York
Sinclair, Mr. and Mrs. Prior, New York
Starkey, Mr. and Mrs. Rodney F.,
New York
Staub, Mr. and Mrs. Walter A., New
York
Stempf, Mr. and Mrs. Victor H., New
York
Teele, Arthur W., New York
Towns, Mr. and Mrs. Charles H., New
York
Webster, Mr. and Mrs. Norman E.,
New York
Wellington, C. Oliver, New York
Winton, H. T., New York
Wood, Mr. and Mrs. Roy A., New
York

OHIO

Collins, Mr. and Mrs. Sidney J.,
Youngstown
Cuthbertson, Mr. and Mrs. Harry W.,
Dayton
Driver, Arthur S., Columbus
Feller, Mr. and Mrs. John E. O., Can-
ton
Graham, Mr. and Mrs. Berl G., Cin-
cinnati
Ikirt, Mr. and Mrs. Ernest M., Youngs-
town
Taylor, Mr. and Mrs. William J.,
Cleveland
Tippit, Mr. and Mrs. Hassel, Cleveland

OKLAHOMA

Clark, Mr. and Mrs. William L., Tulsa
Clark, Ruth, Tulsa
Cory, Albert W., Oklahoma City
Cowan, Mr. and Mrs. John R. F., Tulsa

Fitzkee, Mr. and Mrs. Paul W., Tulsa
 Miller, Gene, Oklahoma City
 Savage, Gershom A., Tulsa
 Tilly, Mr. and Mrs. Virgil S., Tulsa
 Warner, Mr. and Mrs. Ross T., Tulsa
 Williams, Mr. and Mrs. Dwight, Oklahoma City

OREGON

Bowers, Mr. and Mrs. Floyd K., Salem
 Buell, Scire D., Portland
 Cannon, Mr. and Mrs. Arthur M., Portland
 DeLap, Virgil G., Portland
 Kajikawa, H., Parkdale
 Kelly, C. L., Eugene
 Leshner, Mr. and Mrs. Ray H., Portland
 McIntosh, Mr. and Mrs. Herbert W., Portland
 Niemi, Mr. and Mrs. Albert M., Portland
 Rawlinson, Mr. and Mrs. C. E., Portland
 Retzlaff, Herbert, Portland
 Sawtell, Mr. and Mrs. A. R., Portland
 Spalding, Albertine, Portland
 Stratford, Ralph B., Portland
 Swanson, Norman E., Portland
 Van, Mr. and Mrs. Eric P., Portland
 Wilson, Mr. and Mrs. J. R., Eugene
 Wood, Mr. and Mrs. Ivan D., Portland

PENNSYLVANIA

Aitken, Mr. and Mrs. J. N., Jr., Philadelphia
 Bowser, Mr. and Mrs. John V., Wilmerding
 Brown, Mr. and Mrs. John P., Pittsburgh
 Fischer, Mr. and Mrs. A. Karl, Philadelphia
 Harris, Mr. and Mrs. John B., Lancaster
 Krekstein, Mr. and Mrs. Isadore H., Philadelphia
 Laventhol, Mr. and Mrs. Lewis J., Philadelphia
 Mathieson, Mr. and Mrs. John K., Philadelphia
 McDowell, C. Whitford, Philadelphia
 Ross, Mr. and Mrs. T. Edward, Philadelphia
 Turner, Mr. and Mrs. Clarence L., Philadelphia

Turner, Grace, Philadelphia
 Watt, Alexander H., Philadelphia
 Young, Mr. and Mrs. Sidney V., Philadelphia
 Zebbley, Mr. and Mrs. John H., Jr., Philadelphia

TENNESSEE

Carter, Marvin O., Memphis
 Hinderer, Harry F., Johnson City
 Jay, Mr. and Mrs. Harry M., Memphis
 Menefee, Mr. and Mrs. John T., Chattanooga

TEXAS

Allred, Mr. and Mrs. John B., Wichita Falls
 Davis, Mr. and Mrs. Benjamin M., Abilene
 Hutchinson, Mr. and Mrs. J. E., Jr., Dallas
 Kepple, Mr. and Mrs. Francis E., Fort Worth
 Maschek, Mr. and Mrs. O. H., Beaumont
 Milledge, C. F., Houston
 Morris, Mr. and Mrs. Clifton H., Fort Worth
 Nance, J. H., Dallas
 Nelson, J. R., Dallas
 Nelson, J. R., Jr., Dallas
 Rodgers, Mr. and Mrs. Frank G., San Antonio
 Upleger, Arthur C., Waco

UTAH

Balser, William J., Salt Lake City
 Baxter, Mr. and Mrs. Lynn E., Salt Lake City
 Beesley, Mr. and Mrs. Wilford A., Salt Lake City
 Bowen, Mr. and Mrs. Lancelot P., Salt Lake City
 Corkey, Mr. and Mrs. Herbert J., Ogden
 Evington, H. S., Salt Lake City
 Fox, Mr. and Mrs. C. I., Salt Lake City
 Heppley, Mr. and Mrs. Oscar, Salt Lake City
 Jones, G. M., Ogden
 Kelly, Mr. and Mrs. Lincoln G., Salt Lake City
 Mann, Mr. and Mrs. Alan Grant, Salt Lake City

Ostler, F. L., Salt Lake City
Pierce, Mr. and Mrs. Laurence, Salt
Lake City
Wood, Mr. and Mrs. Ray G., Salt Lake
City

VIRGINIA

Andrews, T. Coleman, Richmond
Elkins, Mr. and Mrs. W. L., Richmond
Toler, Andrew M., Richmond

WASHINGTON

Comer, Roy C., Seattle
Daniels, Mr. and Mrs. E. C., Spokane
Fitzgerald, Vernor J., Seattle
Griffith, Mr. and Mrs. Don S., Seattle
Hoover, S. E., Seattle
LeMaster, Mr. and Mrs. Eustace,
Spokane
Lorig, Arthur N., Seattle
McConahey, James M., Seattle
Morris, Mr. and Mrs. A. William,
Spokane
Morrison, Mrs. A. J., Seattle
Mounsey, Mr. and Mrs. R. C., Jr.,
Seattle
Nelson, Mrs. J. Royden, Seattle
Niemi, Mr. and Mrs. Fred G., Walla
Walla
Rogers, Mr. and Mrs. Clyde H., Seattle
Scott, Mr. and Mrs. Harold L., Seattle
Smith, Harris E., Seattle
Smith, Mr. and Mrs. Louis E., Seattle
Taylor, Mr. and Mrs. Leslie H., Seattle
Thostesen, Evelyn, Seattle
Tremper, Mr. and Mrs. Edward P., Jr.,
Seattle
White, Rodney D., Seattle

Whittle, Mr. and Mrs. George V.,
Seattle
Zimmerman, Philo R., Seattle

WEST VIRGINIA

Somerville, Mr. and Mrs. N. G., Hunt-
ington
Steele, Mr. and Mrs. S. Charles,
Morgantown

WISCONSIN

Dietze, Carl E., Milwaukee
Larson, Mr. and Mrs. Frank G., Apple-
ton
Sinclair, Hugh A., Milwaukee
Smith, Clifford I., Green Bay

WYOMING

Gaymon, Mr. and Mrs. C. W., Chey-
enne

CANADA

Dalglish, K. W., Montreal, Que.
Harvey, John, Victoria, B. C.

MEXICO

Alatrister, Mr. and Mrs. Roberto Casas,
Mexico City
Cabral, Romeo J., Tijuana

PUERTO RICO

Pol, Mr. and Mrs. Emiliano, Jr., San
Juan

SWEDEN

Larsson, Einar, Stockholm

TERRITORY OF HAWAII

Char, Mr. and Mrs. Theodore C. H.,
Honolulu

Announcements

Wm. M. Beckelman & Co. announce the withdrawal from the firm of Wm. M. Beckelman and a change in the firm name to Victor Beckreck & Co. with offices at 17 Academy St., Newark, N. J.

Frank S. Glendening, of Philadelphia, Pa., announces the removal of his offices to 1700 Lincoln-Liberty Bldg., Broad and Chestnut Sts., Philadelphia, Pa.

Learned & Tapp announce the removal of their offices to suite 401, State National Bank Bldg., Houston, Texas. They announce the admission to partnership of A. E. Freeze, and a change in firm name to Learned, Tapp & Freeze.

Simon W. Levitan, of Washington, D. C., announces the admission of Bertram R. Abramson as a member of the firm of S. W. Levitan & Company and the removal of offices to the Investment Bldg., Washington, D. C.

Wheeler, Crosbie & Company announce the removal of their offices to 1700 Lincoln-Liberty Bldg., Broad and Chestnut Sts., Philadelphia, Pa.

Clinton W. Bennett, of Boston, Mass., recently addressed the Rotary Club of Haverhill, Mass., on the subject of present business trends.

Archibald Bowman, of New York, N. Y., has been reappointed to the Merchants Association of New York committees on (a) Federal Trade Commission and antitrust laws, (b) public utilities and law, and (c) commercial law.

B. Bernard Greidinger, of New York, N. Y., has prepared a course in S.E.C. accounting to be given at the school of business and civic administration, evening session, the City College of New York, this fall.

Leslie A. Heath, of Charlotte, N. C., recently addressed the Charlotte Optimist Luncheon Club on the subject, "Social Security Act Amendments of 1939."

Robert J. Hibbetts, of Canyon, Texas, has been appointed associate professor of business administration, West Texas State Teachers College, Canyon, Texas.

Proctor H. Kerr, of Kansas City, Mo., has recently been appointed a member of the Kansas City Citizens' School Survey Committee and the Charities Bureau Budget Committee.

Harlan B. Livengood, of Indianapolis, Ind., on September 16th addressed the Indiana Junior Chamber of Commerce at Gary, Ind.

Charles S. Lowrimore, of Wilmington, N. C., is the author of an article in the September issue of the *Tax Magazine* entitled "The Test of Taxability of Income of Trust to Grantor."

John T. Madden, of New York, N. Y., recently delivered an address at the dedication of a new building for the school of business administration of Boston University, Boston, Mass., on "The Function of the Curriculum of the School of Business."

I. B. McGladrey, of Cedar Rapids, Iowa, on August 31, 1939, addressed the City Council and committee of the Burlington, Iowa, chamber of commerce on "Independent Audits or Political Audits?"

Norman L. McLaren, of San Francisco, Calif., recently addressed the American Mining Congress at Salt Lake City, Utah, on the subject of "The 1939 Revenue Act and Western Mining."

R. L. Persinger, of Covington, Va., recently addressed the Covington Lions Club on the subject of "A Sketch of the Accounting Profession."

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of The American Institute of Accountants

NOVEMBER 1939

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Appointments

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Institute Committee Meetings

New York Lecture and Study Group

Resolutions of Advisory Council

Referendum Ballot

15¢ a Copy

Published Monthly

\$1 a Year



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Officers 1939-1940

THE AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

<i>President</i>	JOHN K. MATHIESON
<i>Vice Presidents</i>	SAMUEL J. BROAD, LINCOLN G. KELLY
<i>Treasurer</i>	ARTHUR W. TEELE
<i>Secretary and Managing Editor</i>	JOHN L. CAREY

THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of The American Institute of Accountants

The Benevolent Fund

ONE OF the least publicized services of a professional society is the aid it renders to those of its members who are in need. This responsibility must be assumed but the task does not lend itself to constant advertisement.

Since its formation immediately after the annual meeting in 1933, the American Institute Benevolent Fund, Inc., has year by year been able to increase its aid to members of the profession who, through circumstances beyond their control, are financially distressed. The wide approval and support of the Fund by the members of the Institute are excellent testimonials to its valuable service.

But so far the Fund has been able to alleviate only the most pressing cases of need. Such cases have been judged by the committee as most urgent, and help has been extended to them accordingly.

In 1933 it was deemed unwise to attempt to build a fund of which only the income would be used for relief, but rather to use the subscriptions received as necessity arose. Thus far the contributions have slightly exceeded the benefits paid, but there has been no possibility of building any substantial reserve, and yet the probability is that demands on the Fund will continue to increase.

Appeals for contributions to the Benevolent Fund are now mailed with the bills for dues to the Institute, and it is the hope of the executive committee that in this way the need for a substantial reserve will be realized. If the members continue to bear in mind a sense of mutual responsibility, and if each gives according to his ability, there can be no doubt that the services of the Benevolent Fund will become of much wider benefit to members of the profession who deserve aid.

The American Institute of Accountants

Resolutions of Advisory Council

A statement of purpose and two resolutions of general interest were adopted by the members of the Advisory Council of State Society Presidents at their annual meeting on September 18th in conjunction with the annual meeting of the American Institute.

STATEMENT OF PURPOSE

Following is the text of the statement of purpose:

"The Advisory Council of State Society Presidents shall have two general purposes: First, to provide a forum for the full discussion of proposals originating in state societies where every state is represented, in order that such proposals as meet with the approval of the Advisory Council may be transmitted with its recommendations to the council of the American Institute of Accountants; and, second, to provide a means whereby the Institute may communicate with the state societies, thus unifying the profession by close cooperation of the state societies with the Institute, and making possible uniform and joint action of all bodies representing the profession."

INTERSTATE PRACTICE

The Council's resolution on the interstate practice of accountancy was as follows:

"WHEREAS, The services of certified public accountants and their regularly employed assistants are personal services a substantial part of the value of which results from the acquaintance of

businessmen and financial men with accountants and the resulting confidence in the respective accountants and their work, making it essential that many accounting engagements be carried out by or under the direct supervision of a particular individual; and

"WHEREAS, Many of the companies whose accounts are examined by certified public accountants and their staff assistants have offices in more than one state, and reports are required by individuals in one state upon examinations of accounts which are kept in another state; and

"WHEREAS, In order that businessmen may obtain the maximum value from the services of certified public accountants and such accountants may render services of maximum value to business, it is necessary that there be conditions under which certified public accountants and their regularly employed assistants may pass freely from state to state in the practice of their profession; and

"WHEREAS, The citizens of a state have, through law and established methods of enforcement, means of protection against and redress for wrongful acts done in their state, whether by citizens of other states or of their own state, and whether by professional accountants or others; be it

"RESOLVED, That the Advisory Council of State Society Presidents is of the opinion that it is in the interest of the accounting profession and of those whom it serves for certified public accountants and their regularly employed assistants to have freedom in entering a state to carry out public accounting engagements originating outside the state concerned."

THE INSTITUTE AND THE STATE SOCIETIES

Suggesting means for still closer co-operation between the American Institute and the various state societies of certified public accountants, the Advisory Council adopted the following resolution:

"RESOLVED, That the Advisory Council of State Society Presidents endorse the principle that any and all pronouncements of the American Institute of Accountants affecting the practice of certified public accountants be referred to the presidents and secretaries of the respective state societies by the secretary of the American Institute of Accountants in order that prompt consideration of such pronouncements be taken by the respective state societies, either at regular meetings or at meetings specially called, as occasion may demand, with a view of enlarging the prompt dissemination of such pronouncements and of assuring a clear understanding of their intent, and for the further purpose of obtaining formal action, through approval or otherwise, by the respective state societies."

New York Lecture and Study Group

The New York informal committee on lecture and study group has arranged a series of meetings to be held at the Town Hall Club, 123 West 43rd St., Nov. 17, Dec. 1 and Dec. 18, 1939.

At the first meeting, Samuel J. Broad, chairman of the Institute's special committee on auditing procedure, will lead discussion on "Extensions of Auditing Procedure." At the second meeting, the subject of internal control will be considered, and the third meeting will be devoted to discussion of federal taxation. As in previous years, discussion will begin at 7:30 P.M., preceded by a dinner at 6:30 P.M.

Vice Presidents Visit State Societies

Samuel J. Broad, vice president of the American Institute of Accountants, addressed the Delaware Accountants Association at the Hotel Darlington in Wilmington on October 18th. He will speak on extensions of auditing procedure at the annual meeting of the Oklahoma Society of Certified Public Accountants in Tulsa on November 23rd.

Lincoln G. Kelly, vice president of the American Institute of Accountants, addressed the annual meeting of the Montana Society of Certified Public Accountants at Missoula on October 13th. The meeting was included in the program of the Second Annual Conference on Taxation sponsored by Montana State University.

Referendum Ballot

On October 20th, all members of the Institute were sent a ballot on which five proposed changes in the by-laws were presented for mail vote. According to the provisions of article XV of the by-laws, amendments can be effected only by written approval of a majority of the membership, and ballots to be valid must be received at the Institute's office by December 19, 1939.

In order that the ballot may be indicative of the opinion of members on the questions under consideration, all members have been requested to vote either in the affirmative or the negative. The following is a brief summary of the five questions presented in the ballot:

The first proposed amendment would reduce the time limit for payment of dues from five to two months. This change would be effected by amending article V, section 2, of the by-laws by substituting for the words "five months,"

the words "two months," so that the entire section would read:

"Sec. 2. A member or an associate who fails to pay his annual dues or any subscription, assessment, or other obligation to the Institute within two months after such debt has become due shall automatically cease to be a member or an associate of the Institute."

The purpose of the second proposed amendment is to increase the number of elected members of the council from thirty-five to forty-eight and to reduce the term of office of council members from five years to three years, a larger council having been recommended in view of the great increase in membership of the Institute in recent years. This change would be effected by amending article VII, section 1(a), to read as follows:

"Section 1. The governing body of the Institute shall be a council consisting of:

"(a) Thirty-five members in practice, to be increased by the following method to forty-eight members in practice, not more than six of whom shall be residents of the same state: At each of the annual meetings in 1940 and 1941, nine members in practice shall be elected for a term of three years or until their successors shall have been elected; thereafter, sixteen members in practice shall be elected at each annual meeting for a term of three years or until their successors shall have been elected; and "

The purpose of the third proposed amendment is to increase the dues of associates who have held certified public accountant certificates for more than five years from \$10 to \$15 a year, which would result in increased revenues and reduction of the wide differential between the dues of members and associates; and also to require associates who have held certified public

accountant certificates for more than ten years to become members if eligible. This change would be effected by amending article III, section 1, to read as follows:

"Section 1. The dues for each fiscal year shall include the cost of subscription to *The Journal of Accountancy* and the *Yearbook* of the Institute and shall be as follows:

By each member	\$25
By each associate who shall have been in possession of a certified public accountant certificate for less than five years	10
By each associate who shall have been in possession of a certified public accountant certificate for more than five years	15

and amending article II, section 4, by adding the following subsection (d):

(d) Any associate who shall have been in possession of a certified public accountant certificate for more than ten years and shall be eligible for advancement to membership shall automatically be advanced to membership.

The purpose of the fourth proposed amendment is to vest in the board of examiners discretion to accept what it considers the equivalent of two years of public practice in the case of certified public accountants applying for admission as associates. This change would be effected by amending article II, section 5(a), to read as follows:

(a) Accountants who shall have been in practice on their own account or in the employ of a practising public accountant for not less than two years, or shall have had experience which in the opinion of the board of examiners is equivalent to two years' public accounting practice, and at the date of application shall be engaged in work related to accounting.

The purpose of the fifth proposed

amendment is to provide for a standing committee on auditing procedure. This change would be effected by amending article IX, section 1, so as to make the special committee on auditing procedure a standing committee and thereby increase to fifteen the number of standing committees, by inclusion of the committee on auditing procedure.

"Extensions of Auditing Procedure"

A revised report entitled "Extensions of Auditing Procedure" was issued by the American Institute of Accountants to its membership and others as of November 1st. This report, approved at the annual meeting September 20th, supersedes the report dated May 9th which was released by the council of the Institute at its spring meeting.

When the first report was submitted to the council by the special committee on auditing procedure, it was expected that the committee would continue its studies and make a supplemental report at the annual meeting in September. The topics treated in the report of May 9th were examination of inventories, examination of receivables, appointment of independent certified public accountants, and the form of independent certified public accountants' report. The committee did present to council at the San Francisco annual meeting a further report modifying somewhat its earlier recommendations, and the membership at a general session approved the modifications recommended by the council. The executive committee then directed that the May 9th report and the supplemental report be combined and distributed to all who had received the first report.

Contributors to Research Department

Following is a list of contributors to the research department fund, supplementing the lists already published:

ALEXANDER BALL, San Francisco, Calif.
CROFFORD H. BUCKLES, Chicago, Ill.
ENRIQUE CAGUIAT, Manila, P. I.
CAMERON & JOHNSTONE, Honolulu, T. H.

DELOITTE, PLENDER, GRIFFITHS & Co., New York, N. Y.

WILLIAM DOLGE & Co., San Francisco, Calif.

EMIL S. FISCHER, Tientsin, China

HARRY R. HOWELL Co., Charleston, W. Va.

HOBART S. HUTZELL, Wheeling, W. Va.

EDWARD F. JANNOTT, Albany, N. Y.

EDWIN MATHIESON, Great Falls, Mont.

C. WHITFORD McDOWELL, Philadelphia, Pa.

PUDER & PUDER, Newark, N. J.

RABENAU & SLAIS, St. Louis, Mo.

L. G. RICE, Cincinnati, Ohio

JONAS ROTH & Co., New York, N. Y.

ADRIAN F. SANDERBECK, Pittsburgh, Pa.

ALLEN R. SMART & Co., Chicago, Ill.

EDMUND A. SPENCER, Chicago, Ill.

W. H. STANLEY, Cincinnati, Ohio

A. L. STORMWIND, Washington, Pa.

WILBUR D. THOMAS, Washington, D. C.

HENRY E. TROST, Columbus, Ga.

JAMES R. TROXELL, Canton, Ohio

ALBERT M. VAN DEUSEN, Chico, Calif.

WILEY, BLOCK & WHITE, Paterson, N. J.

All-South Conference, 1940

Program arrangements for the second All-South Accounting Conference to be held in New Orleans, La., next spring were scheduled for discussion at a meeting of the plans committee for the conference called for Friday and Saturday, November 3rd and 4th, at New Orleans. R. J. LeGardeur, of that city, is chairman of a special committee named

to make arrangements for the sessions next spring.

The American Institute of Accountants is coöperating in conference arrangements, and Frank A. Gale, assistant secretary of the Institute, attended the plans committee meeting.

Examinations

State accountancy boards adopting the examinations of the American Institute of Accountants will hold their fall sessions November 16th and 17th. Following is the schedule of examinations:

THURSDAY, NOVEMBER 16, 1939

9:00 A.M. to 12:30 P.M. Auditing.

1:30 to 7:30 P.M. Accounting theory and practice. Part I.

FRIDAY, NOVEMBER 17, 1939

9:00 A.M. to 12:30 P.M. Commercial law.

1:30 to 7:30 P.M. Accounting theory and practice. Part II.

Institute Committee Meetings

Executive Committee

The following were present at a meeting held October 19th:

J. K. Mathieson, *chairman*

T. Coleman Andrews

Samuel J. Broad

P. W. R. Glover

Robert H. Montgomery

Maurice E. Peloubet

Rodney F. Starkey

Arthur W. Teele

C. Oliver Wellington

John L. Carey, *secretary*

Board of Examiners

The following were present at a meeting held October 31st:

John H. Zebbley, Jr., *chairman*

Percival F. Brundage

Norman J. Lenhart

Fred L. Main

George E. Perrin

H. T. Scovill

John L. Carey, *secretary*

Advisory Committee on Public Relations

The following were present at a meeting held October 31st:

Frederick H. Hurdman

Victor H. Stempf

C. Oliver Wellington

John L. Carey, *secretary*

Frank A. Gale, *assistant secretary*

Special Committee on Coöperation with Bar Association

A meeting of the special committee on coöperation with bar association was held Wednesday, November 8, 1939, at which the following were present:

Francis P. Byerly, *chairman*

J. N. Aitken, Jr.

John L. Carey, *secretary*

Walter A. Cooper, chairman of the committee on federal taxation, was present by invitation.

Resolution

The following resolution was adopted by the Maryland Association of Certified Public Accountants at a meeting held in Baltimore on October 10th:

"WHEREAS, the special committee on auditing procedure of the American Institute of Accountants submitted a report, which was adopted by the council of the Institute on May 9, 1939; and,

"WHEREAS, This matter was discussed at the regular meeting of our association on Tuesday, September 12, 1939; and

"WHEREAS, Our speaker this evening, Mr. T. Coleman Andrews, C.P.A., has explained the principles embodied in the report of the afore-mentioned committee:

"NOW, THEREFORE, BE IT RESOLVED, That the Maryland Association of Certified Public Accountants in meeting assembled October 10, 1939, hereby approves the afore-mentioned report and adopts the featured extensions of auditing procedure, which call for physical tests of inventories whenever possible, confirmation of accounts receivable by direct communication with debtors, and specific statements in the accountant's report when such tests and/or confirmations have not been made."

Accounting Clinic

The second accounting clinic sponsored by the Harrisburg Chapter of the Pennsylvania Institute of Certified Public Accountants was held at Pennsylvania State College October 20th and 21st.

Dr. C. W. Stoddart, dean of the School of Liberal Arts of Pennsylvania State College, was the opening speaker. Following Dr. Stoddart's talk, Clarence L. Turner, of Philadelphia, discussed the 1939 report of the committee on federal taxation of the American Institute of Accountants.

Another feature was a statement of the purpose of the accounting clinic by A. Karl Fischer, of Philadelphia, president of the Pennsylvania Institute. In the afternoon, there was a session devoted to the report of the special committee on auditing procedure of the American Institute. The principal paper was presented by Maurice E. Peloubet, of New York.

In the evening a dinner was held, with Walter F. Kuhn, chairman of Harrisburg Chapter, presiding. Features of the program were brief addresses by John K. Mathieson of Philadelphia, president of the American Institute of Accountants, and by John L. Carey, Institute secretary.

On Saturday morning there were two

sessions. The first of these was devoted to presentation of a paper on the subject, "To What Extent May Usual Auditing Procedures Be Relied upon for the Detection of Fraud?" by Norman J. Lenhart, of New York.

The second session was given over to the subject of state taxation, with John L. Costello, chief of taxing officers of the Auditor General's Department, Commonwealth of Pennsylvania, as the speaker.

Coöperation in Tulsa

Recently in Tulsa, Okla., a committee formed of attorneys, life insurance underwriters, certified public accountants, and trust company officers met to discuss ways and means of developing further friendly coöperation.

At an open meeting a dialog between representatives of these four groups was presented and was followed by open discussion. The purpose was to familiarize each group with the problems properly coming within the spheres of the other three, and from this educational standpoint the results are reported to have been most gratifying. It is expected that this meeting will be followed by others of the same kind.

State Board Appointments

Charles F. Coates, of Hartford, Conn., has been reappointed to the Connecticut State Board of Accountancy for a three-year term beginning January 1, 1940, it was announced on October 10th. Mr. Coates was first appointed to the board on January 1, 1922, and has served continuously since that date.

J. Chester Crandell, of Boston, Mass., has been appointed to the Massachusetts Board of Registration of Certified Public Accountants, succeeding Henry T. Hartmere, also of Boston, whose term expired.

Visitors at Institute Offices

The following visitors from out of town have called at the offices of the Institute in recent weeks:

T. Coleman Andrews, Richmond, Va.
 Nina P. Arnold, Haddam, Conn.
 H. C. Bernard, Montreal, Canada
 Theodore C. H. Char, Honolulu, T. H.
 H. Ashlin Dykes, St. Louis, Mo.
 Fred Feasel, Albuquerque, N. M.
 Stephen Gilman, Chicago, Ill.
 H. C. Goettsche, Chicago, Ill.
 Thomas Heads, Dorchester, Mass.
 Charles Langer, Chicago, Ill.
 N. L. McLaren, San Francisco, Calif.
 R. C. Mounsey, Seattle, Wash.
 George S. Olive, Indianapolis, Ind.
 J. W. Olshen, Miami, Fla.
 A. E. Page, Hasbrouck Heights, N. J.
 Paul W. Pettengill, Chicago, Ill.
 Henry T. Schug, Philadelphia, Pa.
 Lawrence W. Scudder, Chicago, Ill.
 Edwin H. Wagner, St. Louis, Mo.
 Silverio Vegega, Buenos Aires, Argentina

Accountants Club of America

At a meeting held at New York on October 19th, the following were elected officers of the Accountants Club of America for the ensuing fiscal year:

PRESIDENT—Norman E. Webster
 VICE PRESIDENT—Samuel D. Leidesdorf
 VICE PRESIDENT—Joseph L. Morris
 SECRETARY—Melbourne S. Moyer
 TREASURER—Frank Flynn
 ASSISTANT TREASURER—Ira A. Schur

Retirement

Deloitte, Plender, Griffiths & Co. have announced the retirement, owing to ill health, of Sir Arthur Cutforth, C.B.E., F.C.A., one of the senior partners of the firm.

For two years, 1934-35 and 1935-36, Sir Arthur was president of the Institute of Chartered Accountants in England and Wales and was knighted by

His Majesty the King in 1938 for public services to the government.

It will be recalled that Sir Arthur was one of the representatives of the English Institute at the fiftieth anniversary celebration of the American Institute of Accountants which was held in New York in 1937.

Staff Changes

Charles Magill Smith, associate editor of *The Journal of Accountancy*, who has been with the Institute since 1933, resigned November 7th to accept a position with another organization. Mr. Smith began work with the Institute in November, 1933, and in 1935 became assistant secretary, spending part of his time on public relations work and part on editorial work. Since 1936, he has held the title of associate editor of *The Journal of Accountancy* and has devoted most of his time to the Institute's two monthly magazines and the publications of the American Institute Publishing Company.

Charles Carver, a graduate of Yale University, where he majored in English and obtained a B.A. degree in 1938, has been employed to fill the vacancy caused by Mr. Smith's resignation. Mr. Carver was employed by a publishing company prior to coming to the Institute.

Mrs. Ruth Spencer Taylor, who has been a member of the Institute's staff since May, 1926, resigned as of November 15th. Mrs. Taylor first served as stenographer for the bureau for placements. In 1929, she became a stenographer assisting the board of examiners, and from 1931 to 1938, served as personal secretary to the secretary of the Institute. Since 1938, Mrs. Taylor has acted as assistant to the board of examiners and several important Institute committees.

William McK. Evans

General William McK. Evans, of Richmond, Va., died on October 23, 1939, at the age of 91. General Evans was born in Richmond in 1848 and had been a life-long resident there. He was one of the few surviving Confederate veterans in Richmond, and was believed to have been the last man living who saw the final meeting between Lee and Stonewall Jackson. General Evans was recipient of the first certified public accountant certificate issued by the state of Virginia. He served as president of the Virginia Society of Public Accountants and as chairman of the State Board of Accountancy. For more than twenty years he was associated with Millhiser & Co., and in 1900 he started his own practice. Last August, General Evans retired from active direction of his firm, Wm. McK. Evans & Co., after more than sixty-five years of service in the field of accounting. He had been a member of the American Institute of Accountants and its predecessor organizations since 1909.

Cecil D. Giles

Cecil D. Giles, of New York, N. Y., died on October 7, 1939. A native of England, Mr. Giles was born in 1875 and was educated at the Loudon House School and Kings College, London. Mr. Giles came to New York in 1897 and after that time was associated with various accounting firms in the city. During the World War, he represented the Alien Property Custodian and the War Trade Board. Mr. Giles was a certified public accountant of Connecticut and New York, and a member of the New York State Society of Certified Public Accountants. He was also treasurer of the Accountants Club of America. In 1919 Mr. Giles organized

the firm of C. D. Giles & Co., of which he was senior member.

Charles Lumbard

Charles Lumbard, of Sacramento, Calif., died on October 1, 1939. Mr. Lumbard was born in Wheatland, Calif., in 1883 and was educated in the public schools of California and the University of California. From 1903 to 1912 he was with the National Bank of D. O. Mills & Co., Sacramento, and in 1912 he began public practice. Mr. Lumbard was a member of the California Society of Certified Public Accountants and had been a member of the American Institute of Accountants since 1924. At the time of his death, he had been practising under his own name.

Howard E. Murray

Howard E. Murray, of Akron, Ohio, died on October 4, 1939. He was born in LeRoy, N. Y., in 1888 and received his accounting training in the Buffalo School of Accountancy. Mr. Murray was a certified public accountant of New York and Indiana, and a member of the Indiana Association of Certified Public Accountants. He had been a member of the firm of Chandler, Murray and Chilton, in Akron, since 1916. Mr. Murray had been a member of the American Institute of Accountants since 1921, serving on the committee on nominations during the year 1928-1929, and on the special committee on membership during 1937-1938.

Otto P. Schmalzl

Otto P. Schmalzl, of Tuckahoe, N. Y., died on October 24, 1939. Mr. Schmalzl was president of the Eastchester Motors, Inc., and was active in civic affairs in Tuckahoe for many years. He was a certified public ac-

countant of New Jersey and New York, and had practised on his own account from 1922 to 1928. At the time of his death, Mr. Schmalzl was a partner in the firm of S. Roger Mitchell & Co., White Plains, N. Y. He had audited the books of the Village of Tuckahoe and School District 1 in Eastchester for a number of years. Mr. Schmalzl had been a member of the American Institute of Accountants since 1928.

Alfred P. Ward

Alfred P. Ward, of Easton, Mass., died on October 14, 1939. Mr. Ward was born in 1874 at Freeport, Me., and

in 1896 received the A.B. degree from Bowdoin College. He practised as a public accountant for twenty-six years and since 1914 had been associated with Ward, Fisher & Co., in Providence, R. I. He was also very active in civic affairs in Providence. Mr. Ward was a certified public accountant of Rhode Island and a member of the Rhode Island Society of Certified Public Accountants, serving as president of the society during the year 1937-1938. He had been a member of the American Institute of Accountants since 1919, and served on the committee on nominations in 1932-1933.

Edison Institute Conference

The Edison Electric Institute's third national accounting conference was held November 13th, 14th, and 15th at the Edgewater Beach Hotel in Chicago.

Among the topics listed for discussion at the general sessions were: plant accounting and records, public relations and accounting mechanics, economies in commercial accounting, the engineer's part in depreciation studies, accounts and statements, and depreciation practices.

Two of the scheduled speakers are members of the American Institute: Charles B. Couchman, whose topic was "Accountancy of Tomorrow," and Will-A. Clader, who was to discuss "Organization for the Maintenance of Continuing Property Records."

John L. Carey, secretary of the American Institute of Accountants, attended by special invitation.

Student Institute on Accounting

The second annual institute on accounting, sponsored by the Upsilon

Chapter of Beta Alpha Psi, held its second annual meeting on October 19th and 20th at the University of Florida, Gainesville.

Members of the American Institute of Accountants listed to make addresses were J. I. Keller, Jr., of Miami, P. W. Fisher, of Jacksonville, and H. M. Turnburke, of Clearwater.

Natural Business Year

A meeting of the Natural Business Year Council will be held at the Union League Club, New York, on the evening of December 12th. Henry H. Heimann, chairman of the Council and executive manager of the National Association of Credit Men, will preside.

Plans for extending the campaign for adoption of the natural business year will be discussed at the meeting. In making new plans, special stress will be laid on the recent action of the National Association of Manufacturers and the New York Stock Exchange in endorsing the use of the natural business year by their members and member firms respectively.

Council Meetings

During the annual meeting of the Institute at the Fairmont Hotel in San Francisco, California, the council held its regular meetings on Monday, September 18th, and on Thursday, September 21st. The first meeting was an all-day session attended by twenty-six members of council and six committee chairmen, not members of council. The Thursday meeting convened in the afternoon, immediately following adjournment of the general session.

Following is a brief summary of matters discussed and resolutions adopted by the council after hearing reports of officers and committees:

Board of Examiners

The council approved a recommendation of the board of examiners that the by-laws be so amended as to permit the board to accept the equivalent of two years of public-accounting practice as satisfying the experience requirements for admission as an associate. The proposed by-law amendments as submitted to the membership, October 20th, appear elsewhere in this issue of THE CERTIFIED PUBLIC ACCOUNTANT.

Executive Committee

The report of the executive committee covered all its acts since the May meeting of council, which were approved.

Associates' dues

The council approved a recommendation of the executive committee that the by-laws be so amended as to provide that associates who shall have held certified-public-accountant certificates for more than five years pay annual dues of \$15, and that associates who shall have held certificates for more than ten years be automatically advanced to membership, if eligible.

Competitive bidding

The council approved a statement on competitive bidding prepared by the executive committee, which will appear in the December issue of *The Journal of Accountancy*.

Auditing procedure

The council approved a recommendation of the executive committee that the by-laws be so amended as to create a standing committee on auditing procedure.

After presentation of the report of the special committee on auditing procedure and extended discussion, the following resolution was adopted:

"RESOLVED, That the council of the American Institute of Accountants hereby approves the report of the special committee on auditing procedure dated September 18, 1939, supplementing and interpreting the report of the same committee adopted by the council May 9, 1939, and be it further

"RESOLVED, That the council hereby adopts the changes and interpretations submitted by the special committee in its report of September 18, 1939, and be it further

"RESOLVED, That the council authorize the special committee which will revise the bulletin, *Examination of Financial Statements by Independent Public Accountants*, to give effect in this revision to the views expressed by the special committee on auditing procedure in the report dated May 9, 1939, as interpreted and amended in the report dated September 18, 1939."

After approval in substance of the revised report on auditing procedure at the annual meeting on September 19th, the council at its Thursday session adopted the following resolution:

"RESOLVED, That the executive committee be instructed to prepare and

distribute a revised report on extensions of auditing procedure, giving effect to the changes made in and to the interpretations of the May 9, 1939, report of the special committee on auditing procedure, as shown by its supplementary report of September 18th, all as approved at the annual meeting on September 18, 1939, and that the new report be entitled 'Report of May 9, 1939, as modified and adopted at the annual meeting September 19, 1939'; and that the executive committee be further authorized and instructed to make terminology and similar changes in this revised report solely in the interests of clarity but without making any changes in the intent and substance thereof."

Copies of the revised report were sent to members and associates of the Institute early in November.

Federal taxation

In view of a reported interpretation of a rule of the Treasury Department's committee on enrolment and disbarment providing that (in addition to attorneys) only certified public accountants entitled to practise as such in the states in which their offices are situated may be eligible for enrolment, the following resolution was approved by council and later adopted by those present at the annual meeting:

"RESOLVED, That the American Institute of Accountants recommend to the Committee on Enrolment and Disbarment of the United States Treasury Department that any certified public accountant who has obtained his certificate by adequate examination in a state whose standards are acceptable and fulfills other requirements of the Treasury Department be recognized by the Committee on Enrolment and Disbarment as eligible for admission to practice before the Treasury Department regardless of the geographical location of his place of business."

Dissemination of the tax-revision program, prepared by the Institute's committee on federal taxation, at the request of the Acting Secretary of the Treasury, was approved. (The report is published in the November issue of *The Journal of Accountancy*.)

The committee reported that in accordance with its practice of last year it had sought the views of state-society presidents regarding desirable changes in the federal tax law.

Committee on Nominations

The council approved the following two recommendations of the committee on nominations: First, that the committee hold its first meeting each year at the time of the spring meeting of council; and second, that a follow-up questionnaire be sent to members in states from which members of council were to be selected, listing the three men whose names had been suggested by the greatest number of members in the preliminary questionnaire.

Committee on Professional Ethics

The committee reported that it had received three complaints since its report to council in May, making a total of thirteen for the year, and that a total of twenty-three inquiries had been answered by the committee.

Committee on Accounting Procedure

The committee reported upon the greatly extended scope of its activities and the work of the research department created last March. Announcement was made of the issuance by the committee of the first Accounting Research Bulletins, early in September.

Budget and Finance

The following resolution recommended by the committee on budget and finance was adopted by council:

"RESOLVED, That surplus funds

remaining at August 31, 1940, presently estimated at \$2,115.03, be designated in the budget as a contingency fund and deposited by the treasurer in a special bank account to be expended by the treasurer as and when authorized by the executive committee."

Committee on Education

The committee presented a summary of answers to questionnaires sent to member schools of the American Association of Collegiate Schools of Business.

The summary brought out the extent to which those schools met the program suggested by the Institute's committee as adequate training for professional practice.

Committee on Publication

A detailed report on the results of operation of the American Institute Publishing Company, Inc., was presented by the committee on publication.

Substantial gains in circulation and advertising of *The Journal of Accountancy* were reported.

Committee on State Legislation

A brief summary was given of thirty-seven accountancy bills, introduced in twenty states, which had received the consideration of the committee. Further development of working arrangements between the committee on state legislation and the state societies of certified public accountants was suggested, with a view to fostering desirable accountancy legislation and forestalling enactment of any bills that might lower the standard of the C.P.A. certificate.

Committee on Terminology

The committee presented the many problems confronting the committee in its work. The need of staff assistance in the work of the committee was stressed.

Special Committee on Accountants' Certificates

The committee emphasized the fact that while the short form of certificate was adopted as a standard, it was recognized that it would not be applicable in all circumstances and should be modified or amplified to meet the requirements of special cases.

Special Committee on Bankruptcy

The committee reported coöperation with the National Bankruptcy Conference and meetings with the special attorney appointed by the United States Supreme Court to review the general orders in bankruptcy. The committee expressed the opinion that re-examination should be made of the adequacy and clarity of statements peculiar to enterprises in liquidation.

Special Committee on Commercial Arbitration

The committee recommended that the committee's name be changed to embrace industrial arbitration. Attention was called to the American Arbitration Association's recommendation that accountants be appointed on industrial arbitration boards because of the accountant's ability to analyze costs and profits.

Special Committee on Coöperation with Bar Association

Coöperation with a committee of the American Bar Association and with state societies of certified public accountants was reported by the special committee on coöperation with bar associations.

Special Committee on Coöperation with Securities and Exchange Commission

The committee suggested that since in the future questions emanating from the S.E.C. on accounting methods and procedure would be answered by the

committee on accounting procedure, with the assistance of the research department, the size of the special committee on coöperation with Securities and Exchange Commission might be reduced. It was felt that in the future the committee would deal solely with S.E.C. questions relating to forms, regulations, and administrative policy.

Special Committee on Coöperation with Stock Exchanges

The committee reported coöperation with the New York Stock Exchange in reviewing proposed revised forms and instructions for listing applications with the New York Stock Exchange.

Special Committee on Federal Legislation

The committee on federal legislation reported that the Borah-O'Mahoney bill was the only important proposed legislation coming before the committee in the past year.

Special Committee on Governmental Accounting

The committee reported continued coöperation with the National Committee on Municipal Accounting. Articles prepared by the committee were printed in *The Journal of Accountancy* and *THE CERTIFIED PUBLIC ACCOUNTANT* on the following subjects: local governmental accounting and auditing, special accounting examinations, and qualifications for public fiscal positions. In view of the growing importance and interest in accounting problems of the Federal Government, a subcommittee was appointed during the year to deal with federal accounting matters and to offer its aid to governmental officials in studying accounting problems under consideration by the Government. The committee also reported continuation of the campaign against competitive bidding for municipal audits.

Special Committee on Inventories

The committee on inventories reported that it had coöperated with the special committee on auditing procedure in consideration of extensions of auditing procedure relating to inventories.

Special Committee on Membership

The committee reported more than 500 replies, requesting application forms, to a circular letter sent to each non-member certified public accountant, setting forth the desirability and duty of all qualified accountants to become members of state societies and the national organization.

Special Committee on Natural Business Year

The committee reported definite gains made during the natural business year campaign and recommended that the committee's membership be increased so as to include a representative from each state.

Special Committee on Public Utility Accounting

The committee reported that in December of 1938 one of its members had participated in a conference of the Edison Electric Institute. Attention was called to efforts in several states to secure legislation which would forbid any utility company to keep or to have in its files, any books, accounts, records or other documents excepting those prescribed or approved by the regulatory commissions.

Special Committee to Revise the Bulletin "Examination of Financial Statements"

The committee reported upon its studies and expressed the belief that further action on the proposed revised bulletin should be deferred until next spring, so that problems which may arise out of extensions in auditing pro-

cedure may be studied in the light of general practice over the year end.

Special Committee on Savings and Loan Accounts

The committee reported that its program of audit of savings-and-loan associations was in the hands of a special committee appointed by the executive committee, and subject to minor changes would probably be published before the busy season.

Special Committee on Social Security Act

The committee reported upon changes

made in the social-security act during the year. One of the principal questions dealt with by the committee was that of employers' obtaining proper credit under the federal unemployment-compensation act for contributions made at the time of filing federal returns.

Special Committee to Review Disciplinary Machinery

The committee submitted a report containing recommendations, but the council deferred formal action on questions under consideration until its spring meeting.

Appointments

The president has appointed the following committees to serve for the fiscal year 1939-1940:

COMMITTEE ON ACCOUNTING PROCEDURE

John K. Mathieson, *chairman*, Pennsylvania

George O. May, *vice chairman*, New York

George D. Bailey, Michigan

Carman George Blough, Illinois

Archibald Bowman, New York

Arthur H. Carter, New York

Clem W. Collins, Colorado

Charles B. Couchman, New York

A. S. Fedde, New York

Henry B. Fernald, New York

Stanley G. H. Fitch, Massachusetts

Henry A. Horne, New York

Frederick H. Hurdman, New York

Lincoln G. Kelly, Utah

Roy B. Kester, New York

Lewis Lilly, California

A. C. Littleton, Illinois

Warren W. Nissley, New York

William A. Paton, Michigan

Charles F. Rittenhouse, Massachusetts

Walter A. Staub, New York

Victor H. Stempf, New York

COMMITTEE ON ARBITRATION

Roland B. Keays, *chairman*, Michigan

J. P. Goddard, Utah

Alfred N. Hilton, Virginia

Theodore Krohn, New Jersey

Louis E. Smith, Washington

COMMITTEE ON BUDGET AND FINANCE

P. W. R. Glover, *chairman*, New York

T. Coleman Andrews, Virginia

Rodney F. Starkey, New York

COMMITTEE ON BY-LAWS

J. William Hope, *chairman*, Connecticut

A. DeWitt Alexander, California

William J. Christian, Alabama

Walter M. LeClear, Illinois

Harold A. Mock, Massachusetts

COMMITTEE ON CREDENTIALS

A. Bryan Bolin, *chairman*, Tennessee

Roscoe C. Clark, Tennessee

Garner A. Watson, Tennessee

COMMITTEE ON EDUCATION

For three years:

William H. Bell, New York

T. Edward Ross, Pennsylvania

For two years:

James M. McConahey, Washington

Jacob B. Taylor, Ohio

For one year:

Roy B. Kester, *chairman*, New York

COMMITTEE ON FEDERAL TAXATION

Walter A. Cooper, *chairman*, New York

Samuel W. Eskew, Kentucky

Oscar Moss, California

J. A. Phillips, Texas

Jacob S. Seidman, New York

Victor H. Stempf, New York

Clarence L. Turner, Pennsylvania

Roscoe L. Thomas, Montana

COMMITTEE ON MEETINGS

Harry M. Jay, *chairman*, Tennessee

Marvin O. Carter, Tennessee

Harry F. Hinderer, Tennessee

James A. Matthews, Tennessee

John H. Rawlings, Tennessee

COMMITTEE ON PUBLICATION

C. Oliver Wellington, *chairman*, New York

James L. Dohr, New York

Frederick H. Hurdman, New York

Paul K. Knight, New York

Charles F. Rittenhouse, Massachusetts

COMMITTEE ON STATE LEGISLATION

C. Whitford McDowell, *chairman*, Pennsylvania

James L. Benson, Maryland

Joseph A. Boulay, Minnesota

William Charles, Missouri

Homer Leo Dalton, Ohio

Stanley V. Davies, Colorado
 James C. Goldrainer, Oregon
 James E. Hammond, California
 G. Charles Hurdman, New York
 Roland B. Keays, Michigan
 Thomas W. Leland, Texas
 Eustace LeMaster, Washington
 Paul W. Pettengill, Illinois
 Louis H. Pilié, Louisiana
 A. Frank Stewart, Virginia
 J. Harold Stewart, Massachusetts
 Charles H. Towns, New York
 Ross T. Warner, Oklahoma

COMMITTEE ON TERMINOLOGY

George O. May, *chairman*, New York
 George D. Bailey, Michigan
 Victor H. Stempf, New York

SPECIAL COMMITTEE ON ACCOUNTING MACHINERY

Charles J. Maxcy, *chairman*, District
 of Columbia
 Roland W. Gleason, New York
 Cyril J. Hasson, California
 Edward Q. Kruchten, Illinois

SPECIAL COMMITTEE ON ACCOUNTING FOR STATE HIGHWAY DEPARTMENTS

Joel M. Bowlby, *chairman*, Illinois
 O. C. Herdrich, Indiana
 William A. Hifner, Jr., Kentucky
 René J. LeGardeur, Louisiana
 T. W. Mohle, Texas
 Carl Penner, Wisconsin
 G. A. Savage, Oklahoma

SPECIAL COMMITTEE ON AUDITING PROCEDURE

Samuel J. Broad, *chairman*, New York
 George P. Ellis, Illinois
 William Eyre, New York
 Stanley G. H. Fitch, Massachusetts
 P. W. R. Glover, New York
 Paul K. Knight, New York
 Edward A. Kracke, New York
 John A. Lindquist, New York
 Ralph B. Mayo, Colorado
 Norman L. McLaren, California
 Maurice E. Peloubet, New Jersey
 Walter A. Staub, New York
 Victor H. Stempf, New York
 C. Oliver Wellington, New York

SPECIAL COMMITTEE ON BANKRUPTCY

Arthur C. Upleger, *chairman*, Texas
 Stuart M. Bailey, Arizona
 Charles S. J. Banks, Illinois
 Joseph K. Moyer, District of Columbia
 Leonard M. Troub, Connecticut
 James A. Winn, South Carolina

SPECIAL COMMITTEE ON COÖPERATION WITH BANKERS

George D. Bailey, *chairman*, Michigan
 Oscar R. Heppley, Utah
 Judson E. Krueger, California
 John J. Lang, Missouri
 Frank Wilbur Main, Pennsylvania
 Leslie E. Palmer, New York
 George W. Rossetter, Illinois
 Arthur W. Yardley, Massachusetts

SPECIAL COMMITTEE ON COÖPERATION WITH BAR ASSOCIATION

Francis P. Byerly, *chairman*, New York
 J. N. Aitken, Jr., Pennsylvania
 T. Coleman Andrews, Virginia
 Victor H. Stempf, New York
 Edward B. Wilcox, Illinois

SPECIAL COMMITTEE ON COÖPERATION WITH CREDIT MEN

Lewis Ashman, *chairman*, Illinois
 William J. Carter, Georgia
 C. Vaughan Darby, District of Colum-
 bia
 Gilbert F. Dukes, Alabama
 John Fraser, New York
 Willis C. Graves, California
 James I. Keller, Jr., Florida
 I. H. Kreckstein, Pennsylvania
 John S. Lloyd, Indiana
 John L. McKewen, Maryland
 Allen Redeker, Colorado
 Carden S. Shekell, Michigan
 Archibald F. Wagner, Illinois

SPECIAL COMMITTEE ON COÖPERATION WITH INVESTMENT BANKERS

Frank Ahlforth, *chairman*, Illinois
 Robert C. Brown, Illinois
 I. Russell Bush, Pennsylvania
 Samuel D. Leidesdorf, New York
 Albert J. Watson, California

SPECIAL COMMITTEE ON COÖPERATION
WITH SECURITIES AND EXCHANGE
COMMISSION

Homer N. Sweet, *chairman*, Massachusetts
William H. Bell, New York
Charles B. Couchman, New York
Paul K. Knight, New York
David L. Milne, New York
Warren W. Nissley, New York
Rodney F. Starkey, New York

SPECIAL COMMITTEE ON COÖPERATION
WITH STOCK EXCHANGES

Warren W. Nissley, *chairman*, New York
Percival F. Brundage, New York
Arthur H. Carter, New York
George Cochrane, New York
William R. Donaldson, New York
Harold B. Simpson, New York
Prior Sinclair, New York

SPECIAL COMMITTEE ON DISCIPLINARY
PROCEDURE

John F. Forbes, *chairman*, California
Parry Barnes, Missouri
George Cochrane, New York
William B. Franke, New York
James Hall, New York
Frederick H. Hurdman, New York
Arthur W. Teele, New York
Edward B. Wilcox, Illinois
T. Dwight Williams, Oklahoma

SPECIAL COMMITTEE ON GOVERN-
MENTAL ACCOUNTING

Lloyd Morey, *chairman*, Illinois
T. Coleman Andrews, Virginia
George P. Ellis, Illinois
Fayette H. Elwell, Wisconsin
G. Charles Hurdman, New York
Eric Louis Kohler, Tennessee
James A. Rennie, Virginia
Henry P. Seidemann, District of Columbia
William H. Welcker, Pennsylvania
Edwin A. Wilson, Idaho

SPECIAL COMMITTEE ON INVENTORIES
Edward A. Kracke, *chairman*, New York

M. C. Conick, Pennsylvania
Anson Herrick, California
Norman J. Lenhart, New York
Jackson W. Smart, Illinois

SPECIAL COMMITTEE ON NATURAL
BUSINESS YEAR

Francis E. Ross, *chairman*, Detroit, Michigan
Alabama—V. R. Pritchard, Mobile
Arizona—E. J. Hilkert, Phoenix
Arkansas—Glenn A. Railsback, Pine Bluff
California—J. K. Gregory, Los Angeles
Colorado—L. C. Linck, Denver
Connecticut—W. W. Willard, Hartford
Delaware—Clifford E. Iszard, Wilmington
District of Columbia—R. M. Florance, Washington
Florida—Ira J. Varnedoe, Jacksonville
Georgia—M. F. Pixton, Atlanta
Idaho—Truman Joiner, Boise
Illinois—J. A. Cooke, Chicago
Indiana—George S. Olive, Indianapolis
Iowa—C. A. Williams, Sioux City
Kansas—E. E. Fox, Wichita
Kentucky—Albert C. Thompson, Louisville
Louisiana—O. J. Chamberlain, New Orleans
Maine—P. D. Mitchell, Portland
Maryland—B. M. Irving, Baltimore
Massachusetts—J. Chester Crandell, Boston
Michigan—Charles Hummel, Detroit
Minnesota—Herbert T. Thorsen, Minneapolis
Mississippi—L. A. Miazza, Jackson
Missouri—Miller Bailey, Kansas City
Missouri—Lee J. Muren, St. Louis
Montana—William B. Finlay, Great Falls
Nebraska—O. R. Martin, Lincoln
New Hampshire—Hiram B. Haskell, Manchester
New Jersey—W. H. Nussbaum, Carlstadt
New York—Prior Sinclair, New York
North Carolina—John F. Prescott, Raleigh
North Dakota—R. A. Janz, Fargo

Ohio—V. J. Moore, Cleveland
 Oklahoma—V. S. Tilly, Tulsa
 Oregon—S. D. Buell, Portland
 Pennsylvania—F. Ralph Wheeler, Philadelphia
 Rhode Island—Russell C. Harrington, Providence
 South Carolina—H. E. Gooding, Columbia
 South Dakota—T. J. Morgans, Jr., Sioux Falls
 Tennessee—P. K. Seidman, Memphis
 Texas—Forrest Mathis, Dallas
 Utah—Ray G. Wood, Salt Lake City
 Vermont—Seth A. Densmore, Burlington
 Virginia—A. V. Sheffield, Norfolk
 Washington—E. F. Chabot, Seattle
 West Virginia—John Wiseman, Wheeling
 Wisconsin—C. H. Benton, Milwaukee
 Wyoming—William B. Haselmire, Casper
 Puerto Rico—William A. Waymouth, San Juan
 Hawaii—H. C. Tennent, Honolulu

SPECIAL COMMITTEE ON PUBLIC
 UTILITY ACCOUNTING

Paul Grady, *chairman*, Illinois
 Einar C. Christensen, Illinois
 Will-A. Clader, Pennsylvania
 Henry A. Horne, New York
 A. V. McPhee, Illinois

SPECIAL COMMITTEE ON SAVINGS
 AND LOAN ACCOUNTS

Thomas A. Williams, *chairman*, Louisiana
 Gordon S. Battelle, Ohio
 Harold Benington, Illinois
 Joe C. Harris, Texas
 Abraham H. Puder, New Jersey

SPECIAL COMMITTEE ON SOCIAL
 SECURITY ACT

James A. Councilor, *chairman*, District of Columbia
 Harold C. Anderson, District of Columbia
 J. Chester Crandell, Massachusetts
 W. L. Elkins, Virginia
 Frank S. Glendening, Pennsylvania

Frank E. Hare, Pennsylvania
 James J. Hastings, New Jersey

SPECIAL COMMITTEE ON STOCK
 BROKERAGE ACCOUNTING

Robert H. Prytherch, *chairman*, New York
 George W. Price, New York
 Walter H. Rohe, Illinois
 Ralph B. Stauffer, Pennsylvania
 Frederick W. Wulfin, New York

SPECIAL COMMITTEE ON MEMBERSHIP
 Maurice E. Peloubet, *chairman*, New Jersey

Alabama

William Howard Borland, Birmingham
 Vardaman M. Buckalew, Mobile
 Harold C. Crane, Montgomery

Arizona

A. W. Crane, Phoenix
 James M. Lawton, Tucson

Arkansas

Warren E. Banks, Hot Springs
 Caddie H. Kinard, El Dorado
 R. Alfred Lile, Little Rock
 Glenn A. Railsback, Pine Bluff
 John L. Swofford, Fort Smith

California

Myron M. Strain, San Francisco
 Gilbert S. Gilbertson, Fresno
 Paul Kimball Webster, Los Angeles

Colorado

Victor E. Troutfetter, Denver

Connecticut

Russell C. Everett, Hartford
 J. William Hope, Bridgeport
 John M. Ivory, Waterbury
 Edward I. Petze, New Haven

Delaware

Alfred H. Coe, Wilmington

District of Columbia

James B. Grice, Washington

Florida

P. W. Fisher, Jacksonville
 M. A. Montenegro, Tampa
 Charles C. Potter, Orlando

R. Warner Ring, Miami
Elon R. Sheldon, St. Petersburg

Georgia

Walter C. Askew, Jr., Savannah
George C. Baird, Augusta
Brooks Geoghegan, Macon
William F. Loflin, Columbus
Marvin F. Pixton, Atlanta

Idaho

George B. Middleton, Boise

Illinois

Francis V. Collinge, Chicago
Edward J. Filbey, Urbana
Willis A. Nash, Decatur
Wayne E. Pollard, Rockford
Raymond E. Rickbeil, Springfield

Indiana

George R. Hill, Michigan City
John S. Lloyd, Indianapolis
Wilfred Curtis Pease, Fort Wayne
J. Russell Wharton, South Bend

Iowa

M. E. Brooks, Dubuque
H. B. Eversole, Iowa City
Louis H. Keightley, Sioux City
I. B. McGladrey, Cedar Rapids
Louis J. Muehle, Des Moines
William A. Shute, Waterloo

Kansas

Cliff C. Stevenson, Pittsburgh
Albert R. Wood, Wichita

Kentucky

L. C. J. Yeager, Louisville

Louisiana

Edward J. de Verges, New Orleans
Ralph B. Eglin, Shreveport
Harry G. Frazer, Monroe
Robert B. Hawthorn, Baton Rouge

Maine

Richard M. Millett, Portland

Maryland

Harold N. House, Baltimore
J. Elvin Unger, Hagerstown

Massachusetts

Joseph Cushing, Springfield
Walter J. O'Donnell, Worcester

David B. Saunders, Boston

Michigan

Joseph H. Hummel, Grand Rapids
John P. Leyhan, Detroit
Ray C. Lynn, Lansing

Minnesota

Lyle W. Hines, St. Paul
Virgil J. Pedrizetti, Duluth
Herman C. J. Peisch, Minneapolis

Mississippi

Louis A. Miazza, Jackson
Thomas R. Ward, Meridian

Missouri

A. Henry Cuneo, Kansas City
George P. Little, Joplin
R. C. Mare, St. Louis

Montana

George F. DuVall, Missoula
Anton Gerharz, Billings
Edwin Mathieson, Great Falls
A. J. Rowland, Miles City
C. Howard Walden, Helena

Nebraska

Oscar R. Martin, Lincoln
Henry C. Moeller, Omaha

New Hampshire

Robert M. Bruce, Portsmouth

New Jersey

Robert T. Allen, Elizabeth
Frederick Banks, Trenton
William F. Connolly, Belleville
Charles L. Hughes, Jersey City
Edward Orenge, Hoboken
A. B. Rosenthal, New Brunswick
Orin Otis Roundy, Newark
Aaron Smith, Atlantic City
E. O. Stevens, Asbury Park
James L. Turner, Bridgeton
John J. White, Paterson

New Mexico

Ernest D. Reynolds, Raton

New York

Walter L. Bradley, Buffalo
Charles F. Carr, Syracuse

William J. Forster, New York
Raymond J. Hannon, Troy
Sanford G. Slocum, Rochester

North Carolina

Edward C. Craft, Wilmington
Charles E. Elbersen, Winston-Salem
O. N. Hutchinson, Charlotte
George R. Poole, Raleigh
Allen E. Strand, Greensboro
Thomas P. Zum Brunnen, Salisbury

North Dakota

Palmer C. Bakken, Bismarck
Arthur Blegen, Fargo
Edward W. Brady, Grand Forks

Ohio

Floyd Chilton, Akron
Julian A. Hawk, Dayton
Ralph F. Mateer, Warren
Hermann C. Miller, Columbus
Edward L. Pitt, Cleveland
C. E. Reinhardt, Cincinnati
Cyril H. Wideman, Toledo

Oklahoma

Oscar R. Davis, Oklahoma City
Roy F. Godfrey, Tulsa

Oregon

Alfred R. Sawtell, Portland

Pennsylvania

J. Craig Aikins, Jr., Reading
M. C. Conick, Pittsburgh
John B. Harris, Lancaster
J. F. W. Heinbokel, Scranton
John H. Schenck, Philadelphia
Harry A. Schultz, Harrisburg
William R. Winn, Williamsport

Rhode Island

Russell C. Harrington, Providence

South Carolina

A. Crawford Clarkson, Columbia
Merrill C. Patten, Greenville
Oscar William Schleeter, Charleston

South Dakota

Frank L. Pollard, Watertown
Henry A. Scholten, Sioux Falls

Tennessee

Everett R. Baylor, Johnson City

Clifford D. Buffon, Chattanooga
Fred G. Page, Nashville
Joe D. Penland, Knoxville
John H. Rawlings, Memphis

Texas

Manfred Holck, Austin
O. H. Maschek, Beaumont
Charles E. Miller, Waco
T. W. Mohle, Houston
Clifton H. Morris, Fort Worth
W. D. Prince, Dallas
Frank G. Rodgers, San Antonio

Utah

Seymour Wells, Salt Lake City

Vermont

Seth A. Densmore, Burlington
Clarence S. Springer, Brattleboro

Virginia

Hugh L. Dickerson, Richmond
Leslie A. Kimble, Roanoke
A. Vernon Sheffield, Norfolk
Morris W. Whitaker, Lynchburg

Washington

George J. Busch, Tacoma
Maurice F. Egan, Everett
Reuben H. Gould, Bellingham
J. I. Kinman, Spokane
R. C. Mounsey, Seattle

West Virginia

Robert L. Baughan, Huntington
Jesse L. Cramer, Parkersburg
Norman S. Fitzhugh, Charleston
Hobart S. Hutzell, Wheeling
S. Charles Steele, Morgantown

Wisconsin

Carl E. Dietze, Milwaukee
Fred C. Kellogg, Madison
Norman E. Schley, Waukesha
Clifford I. Smith, Green Bay
Charles F. Sutor, LaCrosse
Clarence J. Wipfli, Wausau

Wyoming

Ossie M. Cordle, Casper
Kenneth Cox, Sheridan
Hosea M. Hantz, Cheyenne

Meetings and Elections

Arkansas Society of C.P.A.'s

Date: October 27, 1939. Annual Meeting.

Place: Little Rock.

Elections: President—R. Alfred Lile, of Little Rock.

Vice president—Glenn A. Railsback, of Pine Bluff.

Secretary-Treasurer—Charles H. Wyman, of Little Rock.

California Society of C.P.A.'s

Los Angeles Chapter

Date: October 9, 1939.

Speaker: C. Roy Smith, on the working of the Securities and Exchange Commission.

Delaware Society of C.P.A.'s

Elections: President—Alfred H. Coe, of Wilmington.

Vice president—Clifford E. Iszard, of Wilmington.

Secretary—Herbert W. Samworth, of Wilmington.

Treasurer—Paul W. Lukens, of Wilmington.

Illinois Society of C.P.A.'s

Date: September 12, 1939. Annual Meeting.

Place: Chicago.

Elections: President—Robert C. Brown, of Chicago.

Vice president—Joel M. Bowlby, of Chicago.

Secretary-Treasurer—J. Leonard Penny, of Chicago.

Iowa Society of C.P.A.'s

Date: October 14, 1939. Annual Meeting.

Place: Des Moines.

Elections: President—Sidney L. Taylor, of Sioux City.

Vice president—Lester F. Ream, of Des Moines.

Secretary—Philip L. Billings, of Des Moines.

Treasurer—E. A. Bertholf, of Des Moines.

Waterloo Chapter

Date: June 9, 1939.

Elections: President—William A. Shute.

Secretary-Treasurer—F. W. Bloomquist.

Kansas Society of C.P.A.'s

Date: September 8, 1939. Annual Meeting.

Place: Wichita.

Elections: President—Fred B. Kubik, of Wichita.

Vice president—Joseph Acre, of Independence.

Secretary-Treasurer—Roy N. Simmons, of Abilene.

Wichita Chapter

Date: September 1, 1939.

Elections: President—Ivan M. West.

Vice president—Erwin W. Jacobi.

Secretary-Treasurer—Ben Kubik.

Maryland Association of C.P.A.'s

Date: September 12, 1939.

Place: Baltimore.

Speaker: Frederick L. Pearce, of Washington, D. C., on the subject of "Trends in Federal Tax Procedure."

Date: October 10, 1939.

Place: Baltimore.

Speaker: T. Coleman Andrews, of Richmond, Va., on extensions of auditing procedure.

Massachusetts Society of C.P.A.'s

Date: October 23, 1939.

Place: Boston.

Speaker: Norman J. Lenhart, of New York, N. Y., on the subject, "To What Extent May Usual Auditing Procedures be Relied upon for the Detection of Fraud?"

Michigan Association of C.P.A.'s

Date: September 12, 1939.

Speaker: George P. Ellis, of Chicago, Ill., on "Audit Procedure with Respect to Verification of Inventories and Receivables."

Date: October 12, 1939.

Place: Detroit.

Speaker: William A. Paton, professor of accounting at the University of Michigan, on preparation for the C.P.A. degree.

Montana Society of C.P.A.'s

Date: October 12 and 13, 1939. Annual Meeting.

Place: Missoula.

Elections: President—A. J. Rowland, Miles City.

Vice president—Edwin Mathieson, Great Falls.

Secretary—R. L. Watkins, Helena.

New Jersey Society of C.P.A.'s

Date: October 17, 1939.

Speaker: William H. Bell, of Haskins & Sells, on "Accountants' Certificates."

Ohio Society of C.P.A.'s

Date: September 7, 8, and 9, 1939. Annual Meeting.

Elections: President—Harry W. Cuthbertson, of Dayton.

Vice-president—Leonard Park, of Cleveland.

Secretary-Treasurer—Abner J. Starr, of Cincinnati.

Cincinnati Chapter.

Date: August 22, 1939. Annual Meeting.

Elections: President—Oliver W. Seifert.

Vice president—Elmer J. Bauer.

Secretary-Treasurer—John E. Shriver.

Cleveland Chapter

Date: October 13, 1939.

Elections: President—E. P. Ellenberger.

Vice president—Robert Logie, Jr.

Secretary-Treasurer—A. J. Hyde.

Oklahoma Society of C.P.A.'s

Tulsa Chapter

Date: October 3, 1939. Annual Meeting.

Elections: President—O. W. Brown.

Vice president—T. S. Matthews.

Secretary—H. B. McAfee.

Treasurer—O. G. Roquemore.

Tennessee Society of C.P.A.'s

Chattanooga Chapter

Date: July 11, 1939.

Elections: Chairman—John T. Menefee.

Vice chairman—Elgin R. Thompson.

Secretary-Treasurer—Carl A. Swafford.

Memphis Chapter

Elections: Chairman—William D. Burk.

Vice chairman—A. L. Yancey.

Secretary—Carl B. Wellborn.

Treasurer—C. W. Eader.

Nashville Chapter

Date: July 19, 1939. Annual Meeting.

Elections: Chairman—William M. Duncan.

Vice chairman—George W. Laws.

Secretary—Horace B. Crump.

Treasurer—Marlin F. Connelly.

Texas Society of C.P.A.'s

Date: October 6, 1939. Annual Meeting.

Elections: President—Walter C. Burer, of Sugar Land.

Vice president—Fred E. Pflughaupt, of San Antonio.

Secretary-Treasurer—T. W. Leland, of College Station.

Virginia Society of Public Accountants

Date: September 8 and 9, 1939.

Elections: President—A. Morris Toler, of Richmond.

Vice president—Morris W. Whitaker, of Lynchburg.

Secretary-Treasurer—A. Joel Jackson, of Norfolk

Tidewater Chapter (Norfolk).

Date: October 5, 1939. Annual Meeting.

Elections: President—H. E. Gouldman.

Vice president—W. R. Rogers.

Secretary-Treasurer—M. Lu Goodman.

Philippine Institute of C.P.A.'s

Date: May 4, 1939.

Elections: President—Enrique Caguiat, of Manila.

Vice president—Santiago F. de la Cruz, of Manila.

Secretary-Treasurer—Jose L. Torres, of Manila.

Auditor—Augusto F. Espiritu, of Manila.

Announcements

J. E. Bemis, L. F. Ream, and C. B. Knobbe announce the formation of a partnership to be known as Bemis, Ream and Knobbe, with offices in the Insurance Exchange Bldg., Des Moines, Iowa.

Enrique Caguiat & Co. announce the removal of their offices to 472-474 Regina Bldg., Escolta, Manila, P. I.

A. M. Calmenson and Ted Abramson announce a change in the firm name from A. M. Calmenson & Co. to Calmenson, Abramson & Co., with offices at 1212 Pioneer Bldg., St. Paul, Minn.

Stanley C. Coward, formerly of Austin, Coward & Company, announces that he will continue practice as an individual with offices in the Baker Bldg., Minneapolis, Minn.

Irwin S. Decker and Philip W. Johnson announce the formation of a partnership under the firm name of Johnson, Decker Company, with offices at 80 Federal St., Boston, Mass.

Ernst & Ernst, of Minneapolis and St. Paul, Minn., announce the admission to partnership of H. C. Utley.

Henry C. Slavik, formerly of Slavik-Chorpening & Company, Corpus Christi, Texas, has announced that his practice will be continued under the firm name of Slavik & Slavik.

Cecil S. Ashdown, of Bermuda, has been appointed a member of the Food and Sup-

plies Control Board, Bermuda. He has also been appointed a trustee of King Edward VII Hospital.

C. B. Cox, of Detroit, Mich., addressed the annual meeting of the Michigan Conference of Social Work on October 7th on the subject, "The Necessity for Business Practices and Accounting Methods in Welfare and Relief Administration."

Laurence H. Jones, of Washington, D. C., is the author of "Valuation Reserves in Bank Accounting," a thesis prepared for the Graduate School of Banking conducted jointly by the American Bankers Association and Rutgers University.

Charles S. Lowrimore, of Wilmington, N. C., has been elected president of the Wilmington Exchange Club.

Lloyd Morey, of Urbana, Ill., recently addressed a conference of persons in charge of accounting in United States Government departments at Endicott, N. Y., on "Governmental Accounting." Mr. Morey is the author of an article published in the August issue of the University of Illinois bulletin entitled "Municipal Budgets for Capital Improvement."

Walter S. Morgan, of Boston, Mass., has been appointed by Governor Saltonstall to the commission to investigate the administration and expenditures of the department of public works.

John S. Roth, of Middletown, Conn., has been appointed to the faculty of the Hillyer Junior College, Hartford, Conn.

THE CERTIFIED PUBLIC ACCOUNTANT

A Bulletin of The American Institute of Accountants

DECEMBER 1939

VOL. 19 • No. 12

By-laws Carried

Calendar of Events

Natural Business Year

Activities of Officers and Members

Institute Committee Meetings

Committee Appointments

Meetings in Review

15¢ a Copy

Published Monthly

\$1 a Year



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1939

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Officers 1939-1940

THE AMERICAN INSTITUTE OF ACCOUNTANTS

13 EAST FORTY-FIRST STREET, NEW YORK CITY

<i>President</i>	JOHN K. MATHIESON
<i>Vice Presidents</i>	SAMUEL J. BROAD, LINCOLN G. KELLY
<i>Treasurer</i>	ARTHUR W. TEELE
<i>Secretary and Managing Editor</i>	JOHN L. CAREY

THE CERTIFIED PUBLIC ACCOUNTANT

Bulletin of The American Institute of Accountants

Publications

BEYOND the assignment of keeping the members of the Institute well informed of current developments in accounting, a major function of the publication department is that of issuing periodic résumés of what has actually been accomplished.

This month the membership will receive two publications, each in a way complementary to the other. The papers presented at the 1939 annual meeting at San Francisco, which will appear under the title, *Papers on Auditing Procedure and Other Accounting Subjects*, compose a volume of carefully considered answers to many questions of procedure that beset the practising accountant. The papers included were presented by men whose particular experience well qualifies them to be heard with the utmost respect by the profession at large.

The other publication is *The Year in Review*, which is an attempt to present a broad view of the activities of the Institute in which committees and staff are daily engaged. To those who have a somewhat nebulous conception of what actually takes place at Institute headquarters, the staff-organization chart should be of particular interest. In a way, however, this booklet is more than a presentation of 1938-1939 in review; it is the annual survey of an expanding and increasingly active organization.

A third publication, the *Yearbook* for 1939, will shortly be issued. In addition to its usual contents, it will contain reports to the spring council meeting of the committees whose reports at the time of the annual meeting did not cover their entire year's work.

The American Institute of Accountants

Natural Business Year Council Meeting

Several representatives of the Institute were present at a dinner meeting of the Natural Business Year Council at the Union League Club in New York on Tuesday, December 12th. The meeting was called by the chairman, Henry H. Heimann, executive manager of the National Association of Credit Men, for the purpose of discussing plans for the 1940 natural business year campaign. The members of the Council, in addition to Chairman Heimann, are:

W. C. Batchelder, vice president and treasurer of the National Credit Office; Charles B. Couchman, past president of the American Institute of Accountants; Alvin E. Dodd, president of the American Management Association; William R. Donaldson, director in charge of research, National Association of Cost Accountants; Stuart C. McLeod, secretary of that association; Col. Robert H. Montgomery, past president of the American Institute of Accountants; William Walker Orr, secretary of the New York Credit Men's Association; Francis E. Ross, chairman of the special committee on natural business year of the American Institute of Accountants; Joseph Rubanow, vice president of the Manufacturers Trust Company, New York; Chris M. Smits, vice president, Continental Illinois National Bank and Trust Company, Chicago; William S. Swingle, vice president of the National Foreign Trade

Council, Inc., Alexander Wall, secretary and treasurer of the Robert Morris Associates. Ralph S. Johns, past chairman of the special committee on natural business year of the American Institute of Accountants; Walter Mitchell, Jr., of the research and statistical division of Dun and Bradstreet, Inc.; John L. Carey, secretary, and Frank A. Gale, assistant secretary, of the American Institute of Accountants, were in attendance at the meeting.

The Natural Business Year Council recently voted to invite the present chairman of the special committee on natural business year of the American Institute of Accountants and all succeeding chairmen to become members of the Council, and also voted to extend a membership invitation to the National Office Management Association.

Natural Business Year Studies

Five additional bulletins analyzing seasonal fluctuations in particular industries and suggesting natural fiscal closing dates have been issued by the research-and-statistical division of Dun & Bradstreet, Inc., for the Natural Business Year Council. Bulletins issued previously, and described in **THE CERTIFIED PUBLIC ACCOUNTANT**, have dealt with the following industries:

Fur coat manufacturing
Shoe manufacturers
Radio manufacture
Farm equipment manufacture
Women's trimmed hat manufacture

Department stores
 Flour millers
 Dry goods wholesalers
 Producers of crude cottonseed oil and refiners of cottonseed oil
 Jewelry retailers
 Furniture manufacturers
 Paint, varnish, and lacquer manufacturers
 Cement manufacturers
 Fruit and vegetable canners

Following is a description of the newer bulletins:

Candy Manufacturers

June 30th is suggested as a closing date for the following reasons:

1. Sales, inventories, receivables, and current liabilities are approximating their lowest levels.
2. Data based on operations over a six months' period are comparable for concerns using either a natural closing date of June 30th or a December 31st closing date.

Hosiery Manufacturers

January 31st is suggested as a closing date for manufacturers selling direct to retailers for the following reasons:

1. Production, shipments, receivables, inventory, and current liabilities are at, or approximate, their lowest levels for the year.
2. Sufficient time has elapsed since the Christmas rush to allow the stock department to determine accurately the value of its inventories.
3. Where accumulation of finished goods is begun in January, reduction of receivables in that month would more than offset the gain in inventories.

December 31st is suggested as a closing date for manufacturers selling to wholesalers and jobbers for the following reasons:

1. Production and shipments are low in December.
2. Inventory is depleted by the end of

the calendar year and would not include goods of the new season's production.

3. Receivables and current liabilities have been liquidated to a low level.

Men's Work Clothing Manufacturers

December 31st is suggested as a closing date for the following reason:

1. The natural seasonal cycle of this industry makes the calendar year appear more reasonable than any other date as a basis for summarizing operations.

Women's Coat and Suit Manufacturers

November 30th is suggested as a closing date because:

1. Production and shipments are at a minimum for practically all types of coat and suit manufacturers.
2. Inventories, receivables, and current liabilities are at a low point.
3. Books closed on November 30th afford sufficient time to incorporate the past year's experience in plans for the new season's operations which usually start in January.

Cotton Textile Weavers

September 30th (alternate August 31st) is suggested as a closing date for the following reasons:

1. Since September 30th is the end of a calendar-year quarter, fiscal closings on that date would permit easy comparison with other company data and general business data commonly published quarterly.
2. Stocks are at a low, facilitating the taking of inventory.
3. In those cases where either heavy shipments during October make it undesirable to tie up stock rooms for the taking of inventory or inventory has reached the lowest level by the end of August, the August 31st closing date may be more convenient.
4. September 30th is already being used by many cotton textile weavers.

Activities of Officers and Members

PRESIDENT AT FLORIDA INSTITUTE

At the annual meeting of the Florida Institute of Accountants held at the Hollywood Beach Hotel, Hollywood, Florida, on November 17th and 18th, John K. Mathieson, president of the American Institute of Accountants, presented an informal message on the services of the American Institute. Topics discussed at the meeting included: Competitive and flat price bidding, the reports of the American Institute of Accountants' committee on auditing procedure, public accountants' legal liability insurance, and the work being carried on by the research department of the American Institute.

VICE PRESIDENT VISITS TULSA

Samuel J. Broad, vice president of the American Institute of Accountants and chairman of its special committee on auditing procedure, was one of the principal speakers at the annual meeting of the Oklahoma Society of Certified Public Accountants held in Tulsa on November 23rd and 24th. Mr. Broad spoke on the afternoon of the 23rd and had "Extensions of Auditing Procedure" as his subject. Following presentation of his paper, he led in a round-table discussion.

"HIGH LIGHT"

Described as a high light of the annual meeting of the American Gas Association, held October 9th through 12th at the Hotel Pennsylvania, New York City, in the association's monthly magazine, was a discussion of "Accountancy by Edict," presented by Charles B. Couchman, past president of the Institute.

MEMBERS ON SPECIAL COMMITTEE

A special committee of the California State Chamber of Commerce, after six weeks' study, recommended a five-point federal-tax-revision program to the subcommittee of the ways and means committee of the House of Representatives. Following are the five points:

1. Establishment of a stabilized and permanent tax structure.
2. Reduction of high surtax rates on individual incomes, and consideration of taxation of exempt securities.
3. Segregation of capital gains and losses with optional flat rate, or normal and surtax-rate tax.
4. Filing of consolidated income-tax returns and elimination of inter-corporate dividends.
5. New declaration of capital-stock values each year.

Members of the Institute on the special committee were Anson Herrick and W. B. Sanders.

SECRETARY VISITS ILLINOIS

John L. Carey, secretary of the Institute, attended a dinner meeting of the Illinois Society of Certified Public Accountants on November 15th while in Chicago for the Edison Electric Institute conference. The principal speaker was Professor William A. Paton, head of the department of accounting of the University of Michigan, whose subject was "Accounting Research."

REPRESENTING THE INSTITUTE

Representing the Institute at the centenary celebration of the American Statistical Association held in November in Boston, Mass., was Walter J. Goggin, professor at the College of Industry, Boston University. At the celebration in Philadelphia, Pa., to be held December 29th, A. Karl Fischer will attend for the Institute.

"A Statement of Accounting Principles"

A Statement of Accounting Principles, by Sanders, Hatfield, and Moore, will shortly be reprinted. The book has been out of print since February, 1939. Copies, at 75 cents each, can be obtained from the Institute.

By-laws Carried

Replies to the mail ballots sent out October 29, 1939, have been received from a majority of the Institute members, and four out of the five proposed amendments to the by-laws have now been carried.

The amendment to increase the number of elected members of the council from thirty-five to forty-eight and to reduce the term of office of council members from five to three years received 2,507 votes in the affirmative and 152 in the negative.

The amendment to increase the dues of associates who have held certified public accountant certificates for more than five years from \$10 to \$15 a year and to require associates who have held certified public accountant certificates for more than ten years to become members if eligible, received 2,535 votes in the affirmative and 122 in the negative.

The amendment to permit the board of examiners to accept what it considers the equivalent of two years of public practice in the case of certified public accountants applying for admission as associates passed with 2,098 votes in the affirmative and 583 in the negative.

The amendment to provide for a standing committee on auditing procedure received 2,602 votes in the affirmative and 45 in the negative.

The only amendment rejected by the membership was that which would

decrease the cost of collecting dues by reducing the time limit for their payment from five to two months. To date, it has received 1,089 negative votes against 1,609 affirmative votes.

Calendar of Events

AMERICAN ACCOUNTING ASSOCIATION ANNUAL MEETING

Date: December 28 and 29, 1939.

Place: Adelphia Hotel, Philadelphia

The American Accounting Association will hold its 24th annual meeting at the Adelphia Hotel. The morning of the 28th will be devoted to the topic of accounting research; John K. Mathieson, president of the American Institute, will preside. A discussion of federal accounting practices will be held during the afternoon. The morning of December 29th will be devoted to controllership problems, and the afternoon to accounting principles. Under the latter head will be papers on fixed and variable costs, debt discount and expense, new form of funds statement, the separate accrual of obsolescence, and treasury stock. Members of the Institute who are listed on the program are: Andrew Barr, T. Coleman Andrews, Carman G. Blough, Eric L. Kohler, and Lloyd Morey.

Members of the American Institute of Accountants will be cordially welcomed at the meeting.

NEW YORK LECTURE AND STUDY GROUP

Date: December 18, 1939

Place: Town Hall Club, New York, N. Y.

The Institute's New York Lecture and Study Group will hold the last of the fall series of meetings on December 18th, with dinner scheduled for 6:00 P.M. and the discussion for 7:00 P.M. Walter A. Cooper, chairman of the In-

stitute's committee on federal taxation, will lead discussion on "Federal Taxation."

Color-blind Accountant

A young certified public accountant who has lost his position on the staff of an accounting firm because color blindness prevented his distinguishing red from black would be grateful for suggestions or advice from other accountants who may have had experience with the same difficulty. The secretary of the Institute will forward communications to him.

Proportional Representation

Stanley A. Hittner, a member of the Institute from Cincinnati, recently advised the Institute of a rather unusual appointment, in the belief that the information might be of interest to other readers of THE CERTIFIED PUBLIC ACCOUNTANT.

In Cincinnati the councilmen are selected under the system known as proportional representation, and at each election six accountants are appointed by the Board of Election to supervise the mechanics of the count. At the election a short time ago, Mr. Hittner was appointed as one of the six.

Society and Chapter Coöperation

In the belief that other states will be interested in a new plan of the Georgia Society of Certified Public Accountants for coöperation with its chapters, Stephen B. Ives, president of the Society, has submitted the following outline of the method:

The board of trustees of the Georgia Society of Certified Public Accountants consists of the chairman of the five chapters (Atlanta, Augusta, Columbus, Macon, and Savannah) together with four members at large. It is provided

in the by-laws that the board shall meet at least once each year in each chapter city. All members of the Society are urged to attend and are granted the privilege of the floor. The meetings are held in the afternoon and are generally followed by a dinner or other entertainment, the local chapter acting as host.

In this way, all members have an opportunity to keep abreast of what is going on in the Society and the Institute. Also, it is found that the holding of meetings in different cities does a great deal to stimulate interest in the local chapters as well as the Society as a whole. Meetings of the board of trustees are called immediately preceding the annual and semiannual conventions of the Society.

Committee Appointments

The following are additions to or changes in committee appointments since the November issue of THE CERTIFIED PUBLIC ACCOUNTANT:

Committee on Accounting Procedure:

William D. Cranstoun, of New York, has been appointed in place of Frederick H. Hurdman.

Committee on Auditing Procedure:

Walter L. Schaffer, of New York, has been appointed in place of Walter A. Staub.

Special Committee on Bankruptcy:

Raymond E. North, of New York, has been added to this committee.

Special Committee on Coöperation with Trade Associations:

The following special committee on coöperation with trade associations has been appointed by the president for the current fiscal year:

J. Arthur Marvin, *chairman*, New York
C. R. Escott, Kentucky
Benjamin Goldenberg, Pennsylvania

John H. Haire, Pennsylvania
 Joel Hunter, Jr., Georgia
 Dick D. Quin, Mississippi
 John C. Thomson, California

Special Committee on Natural Business Year:

Georgia: J. B. Carson, of Atlanta, has been appointed in place of M. F. Pixton.

Washington: Marshall Crutcher, of Seattle, has been appointed in place of E. F. Chabot.

Virginia: A. V. Sheffield, of Norfolk, has declined appointment to the committee:

Special Committee on Stock Brokerage Accounting:

Frederick S. Todman, of New York, has been added to this committee.

Institute Committee Meetings

Executive Committee

Date: December 8, 1939

Place: The Institute's Office

Present:

J. K. Mathieson, *president*
 Samuel J. Broad, *vice president*
 Arthur W. Teele, *treasurer*
 T. Coleman Andrews
 George P. Ellis
 P. W. R. Glover
 Robert H. Montgomery
 Maurice E. Peloubet
 Rodney F. Starkey
 C. Oliver Wellington
 John L. Carey, *secretary*

Committee on Accounting Procedure

Date: November 21, 1939

Place: The Institute's Office

Present:

George O. May, *vice chairman*
 George D. Bailey
 Carman G. Blough
 Archibald Bowman
 Arthur H. Carter
 A. S. Fedde
 Henry B. Fernald
 Stanley G. H. Fitch
 Henry A. Horne

Frederick H. Hurdman
 Warren W. Nissley
 Walter A. Staub
 Victor H. Stempf
 T. H. Sanders, *director of research*
 John L. Carey, *secretary*

Committee on Auditing Procedure

Date: November 16, 1939

Place: The Institute's Office

Present:

Samuel J. Broad, *chairman*
 George P. Ellis
 William Eyre
 P. W. R. Glover
 Paul K. Knight
 Maurice E. Peloubet
 Walter L. Schaffer
 C. Oliver Wellington

Date: December 1, 1939

Place: Bankers' Club, New York, N. Y.

Present:

Samuel J. Broad, *chairman*
 William Eyre
 David L. Milne, representing Stanley G. H. Fitch
 P. W. R. Glover
 Paul K. Knight
 Edward A. Kracke
 John A. Lindquist
 Maurice E. Peloubet
 Walter L. Schaffer
 Victor H. Stempf
 C. Oliver Wellington
 John L. Carey, *secretary*

Committee on Professional Ethics

Date: December 11, 1939

Place: The Institute's Office

Present:

George Cochrane, *chairman*
 Frederick H. Hurdman
 Joseph J. Klein
 T. Dwight Williams
 John L. Carey, *secretary*

Special Committee on Coöperation with Bar Association

Date: November 8, 1939

Place: Union League Club, New York, N. Y.

Present:

Francis P. Byerly, *chairman*

J. N. Aitken, Jr.
 Victor H. Stempf
 Walter A. Cooper, *chairman, committee on federal taxation*
 John L. Carey, *secretary*

Special Committee on Coöperation with Securities and Exchange Commission

Date: December 6, 1939

Place: Union League Club, New York, N. Y.

Present:

Homer N. Sweet, *chairman*
 William H. Bell
 Samuel J. Broad, *chairman of the committee on auditing procedure*
 Charles B. Couchman
 Paul K. Knight
 David L. Milne
 Warren W. Nissley
 Rodney F. Starkey
 John L. Carey, *secretary*

Special Committee on Public Utility Accounting

Date: November 15, 1939

Place: Chicago

Present:

Paul Grady, *chairman*
 Einar C. Christensen
 Will-A. Clader
 A. V. McPhee
 John L. Carey, *secretary*

Special Committee on Stock Brokerage Accounting

Date: December 7, 1939

Place: 21 West Street, New York, N. Y.

Present:

Robert H. Prytherch, *chairman*
 George W. Price
 Frederick S. Todman
 Frederick W. Wulfinf
 H. T. Winton, *assistant to the secretary*

Advisory Committee on Public Relations

Date: December 4, 1939

Place: Union League Club, New York, N. Y.

Present:

Frederick H. Hurdman

Victor H. Stempf
 C. Oliver Wellington
 John L. Carey, *secretary*
 Frank A. Gale, *assistant secretary*

Joint Meeting of American Institute and New York State Society Committees on Stock Brokerage Accounting

Date: November 10, 1939

Place: Office of New York State Society
Institute Members Present:

Robert H. Prytherch, *chairman*
 George W. Price
 H. T. Winton, *assistant to the secretary*

Date: November 22, 1939

Place: Office of New York State Society
Institute Members Present:

Robert H. Prytherch, *chairman*
 George W. Price
 Ralph L. Stauffer
 H. T. Winton, *assistant to the secretary*

Texas Society Resolution

"WHEREAS, The Texas Society of Certified Public Accountants at its annual meeting held in San Antonio, October 6, 1939, during which the extension of audit procedure and subsequent amendments thereto, as submitted by the special committee on auditing procedures of the American Institute of Accountants and adopted by that organization were discussed in open forum,

"NOW BE IT RESOLVED, That the Texas Society of Certified Public Accountants go on record as approving the reports as submitted and approved by the council of the American Institute of Accountants."

Election of Members

In the absence of protest, the president has declared elected as members and associates, respectively, seventy-six applicants whose election had been recommended by the board of examiners and approved by the council by

mail ballot. Following are the new members and associates:

ADVANCED TO MEMBERSHIP

Arthur H. Bowen, Kansas City, Mo.
Stuart Jenkins, New York, N. Y.
Frederic A. Powers, Cincinnati, Ohio

ADMITTED AS MEMBERS

Robert S. Bell, Pittsburgh, Pa.
Ralph L. Boyd, Normal, Ill.
Thomas H. Carroll, Philadelphia, Pa.
Irving B. Cohen, New Orleans, La.
A. Congdon, Omaha, Nebr.
S. Preston Douglas, Lumberton, N. C.
George F. Egan, Salt Lake City, Utah
Chandler H. Foster, Boston, Mass.
Frank J. Goldberg, Boston, Mass.
Richard H. Grosse, Chicago, Ill.
Philip Kuehn, Flushing, N. Y.
Robert H. La Grou, Chicago, Ill.
Malcolm T. MacPhee, New York, N. Y.
Conrad L. May, El Paso, Texas
Herschel R. McCuskey, Chicago, Ill.
L. Lynn McManus, Philadelphia, Pa.
Wallace A. Mitchell, New York, N. Y.
Albert D. Morris, Laurel, Miss.
Fred G. Niemi, Walla Walla, Wash.
John B. Norberg, Los Angeles, Calif.
Joseph M. Pabis, San Francisco, Calif.
Edward Peragallo, Worcester, Mass.
Ian W. Petersen, New York, N. Y.
Joseph J. Rausch, Chicago, Ill.
Harold P. Rempert, Chicago, Ill.
Alfred E. Robnett, Memphis, Tenn.
Robert Sellman, Chicago, Ill.
Edgar E. Severns, San Francisco, Calif.
Merle Eugene Shields, Dayton, Ohio
Niles Walter Stange, Los Angeles, Calif.
Rolfe H. Starrett, Kansas City, Mo.
William J. Sweeney, Chicago, Ill.
Harry J. Trometer, Buffalo, N. Y.
William A. Trotti, Fort Worth, Texas
Raynald J. Voorhies, Lafayette, La.
Charles M. Wheeler, Louisville, Ky.
Ralph J. Whiting, Muncie, Ind.
Alvin T. Wilkinson, Boston, Mass.
Hal Spring Wilson, Chicago, Ill.

ADMITTED AS ASSOCIATES

Robert A. Aspinwall, New York, N. Y.
John L. Barnett, Chicago, Ill.

Nelson H. Conway, San Francisco, Calif.
G. Charles Emig, Houston, Texas
Harold S. Evington, Salt Lake City, Utah

Howell H. Fullilove, Shreveport, La.
Clyde W. Gaymon, Cheyenne, Wyo.
John W. Gladson, New Orleans, La.
John H. Hanover, Providence, R. I.
J. Edwin Hanson, Kansas City, Mo.
Edward W. Heller, Louisville, Ky.
Francis M. Hilliard, Chicago, Ill.
Andrew J. Johnson, New York, N. Y.
Edward W. Kuhlman, Milwaukee, Wis.
William Lasley, Columbia, S. C.
Gerald T. Lawler, Moline, Ill.
Mary Ellen Lewis, Los Angeles, Calif.
William J. Luby, Chicago, Ill.
Philip W. McCurdy, Milwaukee, Wis.
Duncan I. McFadden, San Francisco, Calif.

Carrel F. Miller, Chicago, Ill.
Kermit Moe, San Francisco, Calif.
Robert B. Mulholland, Sheridan, Wyo.
Gordon J. Raab, Casper, Wyo.
Adam J. Rathgeber, New York, N. Y.
Robert M. Redinger, San Francisco, Calif.

John Ira Robishaw, Chicago, Ill.
Robert Lee Rosbe, Chicago, Ill.
Estil W. Smith, Ashland, Ky.
John W. Sorensen, Sioux Falls, S. D.
Elmore R. Verlander, New Orleans, La.
Edward C. Weil, Jr., New York, N. Y.
Charles E. Whiting, Evanston, Ill.
Robert O. Wilkinson, Florence, Ala.

Connecticut Municipal Audits

An interesting thirty-two-page booklet was recently published by the tax commissioner of the state of Connecticut entitled, "Duties and Powers of Independent Public Accountants' Periodic Auditing of Municipal Accounts." It contains numerous suggestions for independent auditors of Connecticut municipal accounts. A few of the topics covered are: liabilities, revenues and receipts, certification, confirmation of delinquent taxes, statements to be made part of the audit, and appropriations.

Visitors at Institute Offices

The following visitors from out of town have called at the offices of the Institute in recent weeks:

Martin L. Black, Jr., Durham, N. C.
 Frank S. Calkins, Richmond, Va.
 William Jackson Carter, Atlanta, Ga.
 Will-A. Clader, Philadelphia, Pa.
 William Gray, Winnipeg, Canada
 Theodore Krohn, Newark, N. J.
 C. Whitford McDowell, Philadelphia, Pa.
 Norman L. McLaren, San Francisco, Calif.
 Walter A. Musgrave, Hartford, Conn.
 George E. Perrin, Greensboro, N. C.
 Guy M. Scott, Richmond, Va.
 Jackson W. Smart, Chicago, Ill.
 Burton M. Smith, Portland, Ore.
 Ralph L. Stauffer, Philadelphia, Pa.
 Homer N. Sweet, Boston, Mass.
 Edwin H. Wagner, Jr., St. Louis, Mo.
 James A. Welsh, Washington, D. C.
 Morris W. Whitaker, Lynchburg, Va.
 C. P. White, Manila, P. I.
 Charles R. Whitworth, Chicago, Ill.

Contributors to Research Department

Following is a list of contributors to the research department fund, supplementing the lists already published:

E. D. BOWMAN, Collingswood, N. J.
 LEWIS F. BOND, Washington, D. C.
 ILLINOIS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 W. G. KRIEGSHAUSER, St. Louis, Mo.
 J. A. KURZMAN, San Francisco, Calif.
 MARYLAND ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS
 MASSACHUSETTS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 RODEN & WEISS, Cincinnati, Ohio
 SPARK, MANN & Co., Boston, Mass.
 STOUGHTON STERLING, Philadelphia, Pa.
 CHARLES VONHAUSEN, New York, N. Y.
 WILLETT & WHARTON, South Bend, Ind.

Impostors

The attention of the Institute has been drawn to the activities of two impostors, both of whom were active during the last fall season.

One of these individuals is about 46 years of age, 5 feet 8½ inches tall, weighs about 210, and has curly iron-gray hair. He claims New York as his birthplace and carries a large number of forged credentials. In nearly every instance of employment he leaves an unfavorable record. He is wanted by the Kansas City and Denver police for theft of clients' blank checks and forgery.

The other man claims to be a former internal revenue agent, and frequently uses the name of Miller as an alias. He approaches the heads of large accounting firms and asserts he is the agent for a wealthy taxpayer. He then suggests that he will turn the case at hand over to the firm on a percentage basis, and adds that his only immediate needs are a few dollars for traveling expenses. Upon receipt of these funds, he departs and is never heard from again.

Samuel Solomon

The Institute has just received word of the death on August 17, 1939, of Samuel Solomon, of Boston, Mass. Mr. Solomon was born February 2, 1885, in Providence, R. I., and was educated in the public schools of Chelsea, Mass. He was a certified public accountant of Massachusetts and had been a member of the American Institute of Accountants since 1933. Mr. Solomon had been with James D. Glunts & Co., of Boston, Mass., since 1917 and at the time of his death was a partner in the firm.

Meetings in Review

TAX MEETING

On Friday and Saturday, November 10th and 11th, a meeting on taxes was held at the Ritz-Carlton Hotel, Atlantic City, N. J., sponsored by the New Jersey Society of Certified Public Accountants. Members of the Institute whose names appeared on the program are: Walter A. Cooper, C. Perry King, Edward A. Kracke, Theodore Krohn, Maurice E. Peloubet, and Victor H. Stempf.

TAX CONFERENCES

The Massachusetts Society of Certified Public Accountants held a series of three tax conferences on November 20th, December 6th, and December 12th. Douglas I. Mann was the speaker at the first meeting. His subject was "Capital Gains and Losses." Edwin E. Wakefield, a member of the Institute, spoke at the second meeting on the subject of "Miscellaneous Questions as to the Taxes of Both Individuals and Corporations," and Carrol F. Holt spoke at the last meeting on "Corporations" — covering new aspects of the 1939 law.

NEW YORK LECTURE AND STUDY GROUP

On December 1st the Institute's New York Lecture and Study Group held its second meeting at the Town Hall Club, with a dinner at 6:00 P.M. and discussion at 7:00 P.M. The topic of discussion was "Internal Control," led jointly by R. D. Gracey and P. E. Bacas. There were ninety persons present.

INSTITUTE OF ACCOUNTING HELD AT LOS ANGELES

The first annual institute of accountants sponsored by seven California or-

ganizations met on October 26th at the University of Southern California. Day and evening sessions were devoted to a study of accounting, credits, and current related problems.

The sponsors of the meeting were: the Los Angeles Chapter, California Society of Public Accountants; Los Angeles Chapter, National Association of Cost Accountants; Los Angeles Chapter, Controllers Institute of America; Los Angeles Chapter, Petroleum Accountants Association; Los Angeles Credit Men's Association; Beta Alpha Psi; and the University of Southern California.

American Institute of Accountants members who were to participate in the program were: Ivan F. Betts, D. E. Browne, George O. Carlson, F. F. Hahn, Joseph M. Lowery, Harry B. Mills, Oscar Moss, J. B. Scholefield, and Melvin D. Wilson, all of Los Angeles, Calif.

MICHIGAN ACCOUNTING CONFERENCE

The fifteenth annual Michigan accounting conference, sponsored by the Michigan Association of Certified Public Accountants and the University of Michigan school of business administration, was held November 10th at Ann Arbor, Michigan. Several members of the American Institute of Accountants were scheduled to take part in the proceedings.

A. J. Campbell, of Jackson, Mich., was to be chairman of the round-table session for discussion of governmental accounting problems, and at the round table on practical auditing procedures for inventories and receivables, Mervyn B. Walsh, Donald M. Russell, and James B. Hogan, all of Detroit, were scheduled to take prominent parts.

Following these discussions, the conference met in the amphitheatre, where George O. May, of New York, vice

chairman of the Institute's committee on accounting procedure, was to make an address entitled "Valuation or Historical Cost; Some Recent Developments."

At the luncheon, Harold W. Scott, of Detroit, made the response to the welcome of the president of the university, and later, at a session in the amphitheatre, Carman G. Blough, of Chicago, was to make an address on the auditor's responsibility to the investor. S. R. Berkey, of Grand Rapids, was to introduce Mr. Blough.

National Coöperation

The following excerpt is quoted from the address of the president of the Arizona Society of Certified Public Accountants delivered to the members of that society on November 11th:

"An increasingly important phase of the Society's activities is its intercourse with the American Institute of Accountants. It is through the Arizona Society and the forty-seven other state societies that a true forum of opinion is provided by which the profession as a whole can crystallize its views and act accordingly. Conversely, it is only through one united national organization that we in Arizona can receive the great aid and guidance the Institute is able to give us. As an example of such aid the pending question before us of participation of public accountants in tax practice, already mentioned a minute ago, might be cited. On this matter alone we have received fifteen pages of pertinent material from the Institute in support of the accountant's position.

"On December 16, 1938, most of you will recall that it was the privilege of the society to hold a very successful banquet meeting in honor of John L. Carey, the secretary of the Institute.

"It is also gratifying to report that five members of the Society attended this year's annual convention of the Institute at San Francisco."

The Institute Library

During the month of October, the Institute library received 1,516 inquiries, was visited by 824 persons, and lent 495 books and pamphlets.

Selected additions to the circulating department included:

- FAVINGER, C. E. and WILCOX, D. A.—Social Security Taxation and Records
- GILMAN, STEPHEN—Accounting Concepts of Profit
- HOLMES, A. W.—Auditing, Principles and Procedure
- KERR, T. S.—Business Law; Principles and Cases
- MACDONALD, J. H.—Practical Budget Procedure
- MCGEE, J. D.—Taxation and Capital Investment
- McKEE, R. W.—Handbook of Petroleum Accounting
- MACNEAL, K.—Truth in Accounting
- MUNICIPAL FINANCE OFFICERS ASSOCIATION AND AMERICAN WATER WORKS ASSOCIATION—Manual of Water Works Accounting
- NEWLOVE, G. H. and Others—Intermediate Accounting
- PACE, H. S.—Brokerage Accounting
- PATON, W. A.—Essentials of Accounting
- PITCHER, R. M.—Practical Accounting for Oil Producers
- SALIERS, E. H.—How to Keep Accounts and Prepare Statements
- SALIERS, E. H.—Depreciation; Principles and Applications
- SAXE, E.—Estate Accounting
- SCHLATTER, C. P.—Advanced Cost Accounting
- SEIDMAN, J. S.—Seidman's Legislative History of Federal Income Tax, 1938-1861.
- SHERWOOD, J. F. and CULEY, R. T.—Auditing, Theory and Procedure
- TAX POLICY LEAGUE, INC.—Tax Exemptions; Symposium Conducted by the Tax Policy League, December 28-30, 1938, in Detroit, Mich.

Meetings and Elections

Arizona Society of C.P.A.'s

Date: November 11, 1939. Annual Meeting.

Place: Phoenix.

Elections: President—Hugh T. Cuthbert, of Phoenix.

Vice president—E. John Hilkert, of Phoenix.

Secretary—Daphne H. Latham, of Phoenix.

Treasurer—H. Marvin Dennis, of Phoenix.

California Society of C.P.A.'s

Los Angeles Chapter

Date: November 13, 1939.

Speaker: Thomas R. Dempsey, a certified public accountant and an attorney at law in Los Angeles, on the revenue act of 1939.

Connecticut Society of C.P.A.'s

Date: November 9, 1939.

Place: Hartford.

Subject: New provisions of the revenue act of 1939 and comparison with prior law. James W. Hickey, of Hartford, chairman.

Georgia Society of C.P.A.'s

Date: November 18, 1939. Semiannual Meeting.

Place: Atlanta.

Speaker: William F. Loflin, of Columbus, Ga., on "Recent Developments in Accounting."

Kentucky Society of C.P.A.'s

Date: October 10, 1939.

Place: Louisville.

Speakers: Deroy Scott, vice president of the Lincoln Bank & Trust Company, on the purposes and functions of the Robert Morris Associates.

Hugh Schwab, of the credit department of the Lincoln Bank & Trust Company, on relations between bankers and accountants.

Maryland Association of C.P.A.'s

Date: November 14, 1939.

Place: Baltimore.

Speaker: Philip A. Benson, president of the Dime Savings Bank of Brooklyn, N. Y., and past president of the American Bankers Association, on "Business Freedom a National Need."

Massachusetts Society of C.P.A.'s

Date: November 27, 1939.

Place: Boston.

Speaker: William W. Wernitz, chief accountant of the Securities and Exchange Commission, on current developments in accounting.

Minnesota Society of C.P.A.'s

Date: November 28, 1939. Joint meeting with Robert Morris Associates.

Place: Minneapolis.

Discussion: "Extensions of Auditing Procedure," with Frederick B. Andrews, of Chicago, Ill., as leader.

New York State Society of C.P.A.'s

Place: New York.

Date: November 20, 1939.

Subject: Federal Taxation.

Speakers: Charles Meyer on net operating losses and capital gains and losses under the revenue act of 1939.

Max Rolnik on tax problems in inventories under last-in, first-out basis.

Nathaniel B. Bergman on federal income-tax administrative problems.

Nicholas Salvatore — review of federal tax decisions, rulings, etc., since November, 1938.

Maxwell E. McDowell, head of tax department, Standard Oil Company (New Jersey), on the new method of making tax laws.

Date: November 21, 1939.

Subject: Social Security Taxes.

Speakers: W. Vincent Hall, on changes in the social-security laws during 1939.

M. O. Loysen, executive director, Division of Placement and Unemployment Insurance, New York State

Department of Labor, on problems concerning payroll taxation.

North Carolina Association of C.P.A.'s

Date: October 6, 1939.

Place: Greensboro.

Speakers: Dr. Wiley Kilpatrick, visiting professor of public finance at University of North Carolina, on "The Flow of American Finance."

Dr. Thomas E. Shearer, editor and business reporter for Prentice-Hall, Inc., of New York City, on "The Washington Picture—What's Happening and What's Ahead."

Oklahoma Society of C.P.A.'s

Oklahoma City Chapter

Date: October 11, 1939.

Elections: President—Larry G. Petering.

Vice president—Arthur Lee Wood.

Secretary-Treasurer—J. G. Beavers.

Texas Society of C.P.A.'s

Dallas Chapter

Elections: President—Fred F. Alford.

Vice president—George H. Abbott.

Secretary-Treasurer—Kenneth B. White.

West Virginia Society of C.P.A.'s

Date: October 27, 1939. Annual Meeting.

Place: Bluefield.

Elections: President—Robert L. Baughan, of Huntington.

First vice president—John Wiseman, of Wheeling.

Second vice president—M. C. Paterno, of Charleston.

Secretary—Harry R. Howell, of Charleston.

Treasurer—Norman S. Fitzhugh, of Charleston.

Wisconsin Society of C.P.A.'s

Date: October 13, 1939.

Place: Madison.

Speakers: F. H. Elwell, of Madison, on the reports of the trustees of McKesson-Robbins, Inc.

George D. Bailey, of Detroit, Mich., on the expert testimony at S.E.C. hearings on auditing practice and procedure.

H. A. Sinclair, of Milwaukee,—report of the annual meeting of the American Institute of Accountants.

Carman G. Blough, of Chicago, Ill., on accounting reports and their meaning to the public.

Professor W. H. Kiekhofer, of the University of Wisconsin, on free enterprise and democracy.

Wyoming Society of C.P.A.'s

Date: November 18, 1939. Annual Meeting.

Place: Casper.

Elections: President—Kenneth Cox, of Sheridan.

Vice president—E. Raymond Jeffries, of Laramie.

Secretary-Treasurer—Charles S. Chapin, of Casper.

Announcements

Beard & Abney, of New York, N. Y., announce the admission to partnership of George O. Kahkonen.

Geo. D. Bell announces the opening of offices at 1062 Drexel Bldg., Philadelphia, Pa.

Sidney S. Bourgeois & Company, of New Orleans, La., announce the admission to partnership of Frank V. Russell.

R. D. Comford & Company announce the removal of their offices to 166 W. Jackson Blvd., Chicago, Ill.

Walter A. Edwards, Jr., announces the removal of his offices to 316 Dickson Bldg., Norfolk, Va.

A. E. Good announces the opening of offices in suite 1016, 715 Olive St., St. Louis, Mo.

Arnold S. Grossman announces the removal of his offices to 344 Western Pacific Bldg., 1031 S. Broadway, Los Angeles, Calif.

Lester Herrick and Herrick, of San Francisco, Calif., announce the admission to partnership of Edgar E. Severns.

George J. Kasch announces the removal of his offices to 1715-1716 Russ Bldg., San Francisco, Calif.

Livingston, McDowell & Co. announce the removal of their offices to 1518 Walnut St., Philadelphia, Pa.

Alfred M. Lust and William J. Rhatigan announce the formation of the partnership under the firm name of Alfred M. Lust & Co.—succeeding the firm of Lust, Kasakove & Co.—with offices at 175 Fifth Ave., New York, N. Y.

Walter Mucklow and L. A. Oates announce the formation of a partnership un-

der the firm name of Mucklow and Oates with their principal office in the Postal Bldg., Miami, Fla.

Petze and Company announce the removal of their offices to Trust Company Bldg., 205 Church St., New Haven, Conn.

Willard Morse Salter announces the opening of offices at 51 Exchange St., Rochester, N. Y.

H. P. Ulich & Co. announce the removal of their offices to 80 Richard St., Brooklyn, N. Y.

F. E. Welch & Company, of Providence, R. I., announce the association with the firm of J. Frank Waring.

Williams-Wilson & Company announce the removal of their offices to 701 Frances Bldg., Sioux City, Iowa.

Leonard L. Abess, of Miami, Fla., on November 2nd delivered an address at the University of Miami on qualifications and requirements for certified public accountants.

H. C. Anderson, of Washington, D. C., was recently appointed a member of the Industrial Interests Committee of the Washington Board of Trade.

Everett R. Baylor, of Johnson City, Tenn., has been elected president of the Johnson City Kiwanis Club for 1940.

Floyd Bowers, of Salem, Ore., on November 16th addressed the Association of County Clerks, State of Oregon, at Portland, on budgets and accounting.

Dudley E. Browne, of Burbank, Calif., recently addressed the accounting institute at the University of Southern California on

the activities and responsibilities of the controller.

Walter A. Cooper, of New York, N. Y., is the author of an article in the October issue of *Tax Magazine* entitled "Some Economic Effects of Taxation."

Norman C. Cross, of Tulsa, Okla., has been elected director and secretary-treasurer of the Petroleum Accountants Society of Oklahoma. He has also been appointed a member of the committees on state and local taxes and on federal income and excise taxation of the Mid-Continent Oil and Gas Association.

Milton A. Feldmann, of Milwaukee, Wis., recently addressed a forum group sponsored by the International Accountants Society on the subject, "Recent Developments in Accounting Practice."

Stanley G. H. Fitch, of Boston, Mass., has been appointed a member of council of the Alumni Association of the Massachusetts Institute of Technology.

Stephen Gilman, of Chicago, Ill., recently addressed the American Society for Metals at Dayton, Ohio, on "Accounting and Engineering."

H. C. Goettsche, of Chicago, Ill., on November 22nd delivered an address before the national convention of the National Beer Wholesalers Association at Chicago on "Where Do Your Credit Dollars Go?"

Herman Herwood, of New York, N. Y., recently addressed the Accounting Forum at City College, New York, on recent trends in credit affecting the practice of public accounting.

Leonard I. Houghton, of Saranac Lake, N. Y., recently addressed the Kiwanis Club of Saranac Lake on the subject, "Taxes All about Us."

George R. Jackson, of Kansas City, Mo., a member of the board of directors of the Kansas City Association for the Blind, was

appointed chairman of a committee for the establishment of news and vending stands in federal and other buildings in Kansas City and environs. Two such news and vending stands have now been established in coöperation with the Bureau of Education of the United States Department of the Interior.

Roy B. Kester, of New York, N. Y., spoke on November 14th at the Edison Electric Institute Conference in Chicago on the subject of unbalanced objectives in financial accounting.

On November 18th Dr. Joseph J. Klein, of New York, N. Y., received an alumni service award from City College at the fifty-ninth annual dinner of the Alumni Association.

John S. Lloyd, of Indianapolis, Ind., on November 20th addressed the American Association of Women Accountants at Indianapolis on financial statements for the management.

J. B. Scholefield, of Los Angeles, Calif., recently addressed the accountants' section of the American Transit Association National Convention at Los Angeles on "Streamlined Accounting."

Sidney Tobias, of New York, N. Y., has been appointed chairman of the committee on taxation of the Young Men's Board of Trade of New York, which recently published a report on the Patman Chain Store Tax Bill.

Ernest S. Woolley, of New York, N. Y., recently addressed the Tennessee Bankers Conference in Knoxville and the Georgia Bankers Conference in Atlanta on the subject of "Operating Costs." He is the author of an article in the August issue of *Banking* entitled "How to Merchandise Check Service."

Harry Wunsch, of Port Chester, N. Y., has been appointed a member of the board of directors of the Community Chest of Port Chester for a term of three years. He has also been elected treasurer of the Community Chest.